UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 30, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-37425

WINGSTOP INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-3494862**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5501 LBJ Freeway, 5th Floor, Dallas, Texas	**75240**
(Address of principal executive offices)	(Zip Code)

(972) 686-6500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	WING	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

On May 8, 2019 there were 29,399,276 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(amounts in thousands, except share and per share amounts)

	March 30, 2019 (Unaudited)	December 29, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 13,625	$ 12,493
Restricted cash	4,824	4,462
Accounts receivable, net	4,918	5,764
Prepaid expenses and other current assets	1,641	2,056
Advertising fund assets, restricted	9,407	5,131
Total current assets	34,415	29,906
Property and equipment, net	8,299	8,338
Goodwill	49,655	49,655
Trademarks	32,700	32,700
Customer relationships, net	13,902	14,233
Other non-current assets	12,479	4,917
Total assets	**$ 151,450**	**$ 139,749**
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	$ 2,190	$ 2,750
Other current liabilities	14,222	16,201
Current portion of debt	3,200	2,400
Advertising fund liabilities	9,407	5,131
Total current liabilities	29,019	26,482
Long-term debt, net	308,931	309,374
Deferred revenues, net of current	21,188	21,885
Deferred income tax liabilities, net	4,652	4,866
Other non-current liabilities	8,138	1,972
Total liabilities	371,928	364,579
Commitments and contingencies (see Note 8)		
Stockholders' deficit		
Common stock, $0.01 par value; 100,000,000 shares authorized; 29,399,276 and 29,296,939 shares issued and outstanding as of March 30, 2019 and December 29, 2018, respectively	294	293
Additional paid-in-capital	206	1,036
Accumulated deficit	(220,978)	(226,159)
Total stockholders' deficit	(220,478)	(224,830)
Total liabilities and stockholders' deficit	**$ 151,450**	**$ 139,749**

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(amounts in thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Revenue:		
Royalty revenue, franchise fees and other	$ 21,328	$ 17,781
Advertising fees and related income	13,210	8,605
Company-owned restaurant sales	13,515	11,003
Total revenue	48,053	37,389
Costs and expenses:		
Cost of sales (1)	9,730	7,397
Advertising expenses	12,734	8,643
Selling, general and administrative	12,542	10,833
Depreciation and amortization	1,276	950
Total costs and expenses	36,282	27,823
Operating income	11,771	9,566
Interest expense, net	4,410	1,736
Income before income tax expense	7,361	7,830
Income tax expense	755	1,662
Net income	$ 6,606	$ 6,168
Earnings per share		
Basic	$ 0.23	$ 0.21
Diluted	$ 0.22	$ 0.21
Weighted average shares outstanding		
Basic	29,337	29,116
Diluted	29,637	29,503
Dividends per share	$ 0.09	$ 3.24

(1) Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Deficit
For the Thirteen Weeks ended March 31, 2018 and March 30, 2019
(amounts in thousands, except share data)
(Unaudited)

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at December 30, 2017	29,092,669	291	262	(58,971)	(58,418)
Net income	—	—	—	6,168	6,168
Issuance of common stock, net	41,159	1	(1)	—	—
Exercise of stock options	25,182	—	165	—	165
Tax payments for restricted stock upon vesting	(3,187)	—	—	(142)	(142)
Stock-based compensation expense	—	—	514	—	514
Dividends paid	—	—	(895)	(93,902)	(94,797)
Balance at March 31, 2018	29,155,823	$ 292	$ 45	$ (146,847)	$ (146,510)

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at December 29, 2018	29,296,939	$ 293	$ 1,036	$ (226,159)	$ (224,830)
Adjustment for ASC 842 adoption	—	—	—	154	154
Net income	—	—	—	6,606	6,606
Issuance of common stock, net	60,553	1	(1)	—	—
Exercise of stock options	54,253	—	158	—	158
Tax payments for restricted stock upon vesting	(12,469)	—	—	(833)	(833)
Stock-based compensation expense	—	—	838	—	838
Dividends paid	—	—	(1,825)	(746)	(2,571)
Balance at March 30, 2019	29,399,276	$ 294	$ 206	$ (220,978)	$ (220,478)

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(amounts in thousands)
(Unaudited)

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Operating activities		
Net income	$ 6,606	$ 6,168
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,276	950
Deferred income taxes	(258)	38
Stock-based compensation expense	838	514
Amortization of debt issuance costs	376	85
Changes in operating assets and liabilities:		
Accounts receivable	846	707
Prepaid expenses and other assets	1,107	327
Advertising fund assets and liabilities, net	4,217	1,398
Accounts payable and other current liabilities	(4,480)	(703)
Deferred revenue	(507)	14
Other non-current liabilities	(423)	(42)
Cash provided by operating activities	9,598	9,456
Investing activities		
Purchases of property and equipment	(641)	(426)
Acquisition of restaurant from franchisee	—	(1,900)
Cash used in investing activities	(641)	(2,326)
Financing activities		
Proceeds from exercise of stock options	158	165
Borrowings of long-term debt	—	229,108
Repayments of long-term debt	—	(139,500)
Payment of deferred financing costs	—	(782)
Tax payments for restricted stock upon vesting	(833)	(142)
Dividends paid	(2,571)	(94,796)
Cash used in financing activities	(3,246)	(5,947)
Net change in cash, cash equivalents, and restricted cash	5,711	1,183
Cash, cash equivalents, and restricted cash at beginning of period	20,940	6,392
Cash, cash equivalents, and restricted cash at end of period	$ 26,651	$ 7,575

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation

Basis of Presentation

Wingstop Inc., together with its consolidated subsidiaries (collectively, "Wingstop" or the "Company"), is in the business of franchising and operating Wingstop restaurants. As of March 30, 2019, 1,112 franchised restaurants were in operation domestically, and 132 franchised restaurants were in operation internationally. As of March 30, 2019, the Company owned and operated 29 restaurants.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Consequently, financial information and disclosures normally included in financial statements prepared annually in accordance with accounting principles generally accepted in the United States have been condensed or omitted. Balance sheet amounts are as of March 30, 2019 and December 29, 2018 and operating results are for the thirteen weeks ended March 30, 2019 and March 31, 2018.

In the Company's opinion, all necessary adjustments have been made for the fair presentation of the results of the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying interim unaudited consolidated financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2018.

The Company uses a 52/53-week fiscal year that ends on the last Saturday of the calendar year. Fiscal years 2019 and 2018 have 52 weeks.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash within the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows as of March 30, 2019 and December 29, 2018 were as follows (in thousands):

	March 30, 2019	December 29, 2018
Cash and cash equivalents	$ 13,625	$ 12,493
Restricted cash	4,824	4,462
Restricted cash, included in Advertising fund assets, restricted	8,202	3,985
Total cash, cash equivalents, and restricted cash	$ 26,651	$ 20,940

Advertising Fund

The Company administers the Wingstop Restaurants Advertising Fund ("Ad Fund"), for which a percentage of gross sales is collected from Wingstop restaurant franchisees and company-owned restaurants to be used for various forms of advertising for the Wingstop brand. Beginning in fiscal year 2019 the Ad Fund contribution collected from domestic Wingstop restaurant franchisees and company-owned restaurants increased from 3% to 4% of gross sales.

The Company consolidates and reports all assets and liabilities of the Ad Fund as restricted assets and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively, in the Consolidated Balance Sheets. Ad Fund contributions and expenditures are reported on a gross basis in the Consolidated Statements of Operations, which are largely offsetting and therefore do not impact our reported net income. Company-operated restaurants' Ad Fund contributions, which were equal to 4% of gross sales for the thirteen weeks ended March 30, 2019 and 3% of gross sales for the thirteen weeks ended March 31, 2018, are included in cost of sales in the Consolidated Statements of Operations.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new guidance also requires additional disclosures about leases. The Company adopted the requirements of the new standard as of the first day of fiscal year 2019 using the modified retrospective approach without restating comparative periods. As part of our adoption, we elected the package of practical expedients, as well as the hindsight practical expedient, permitted under the new guidance, which, among other things, allowed the Company to continue utilizing historical classification of leases. In addition, we elected not to separate non-lease components for our real estate leases.

The adoption of the new standard resulted in the recording of a right-of-use asset of approximately $8.5 million and lease liabilities of approximately $10.3 million, and had an immaterial impact to retained earnings as of the beginning of fiscal year 2019. The standard did not materially impact our Consolidated Statements of Operations and had no impact on cash flows.

(2) Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities convertible into or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted earnings per share, the basic weighted average number of shares is increased by the dilutive effect of the exercise and vesting of stock options and restricted stock units, respectively, determined using the treasury stock method.

Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Basic weighted average shares outstanding	29,337	29,116
Dilutive shares	300	387
Diluted weighted average shares outstanding	29,637	29,503

For the thirteen weeks ended March 30, 2019 and March 31, 2018, equity awards representing approximately 40,000 and 57,000 shares, respectively, were excluded from the dilutive earnings per share calculation because the effect would have been anti-dilutive.

(3) Dividends

On February 26, 2019, the Company's Board of Directors declared a quarterly dividend of $0.09 per share of common stock for stockholders of record as of March 13, 2019, which was paid on March 27, 2019, totaling $2.6 million.

Subsequent to the first quarter, on May 6, 2019, the Company's Board of Directors declared a quarterly dividend of $0.09 per share of common stock for stockholders of record as of June 7, 2019, to be paid on June 21, 2019, totaling approximately $2.7 million.

(4) Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. Assets and liabilities are classified using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 — Unadjusted quoted prices for identical instruments traded in active markets.

Level 2 — Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3 — Unobservable inputs reflecting management's estimates and assumptions.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. Fair value of debt is determined on a non-recurring basis, which results are summarized as follows (in thousands):

		March 30, 2019		December 29, 2018	
	Fair Value Hierarchy	Carrying Value	Fair Value	Carrying Value	Fair Value
Securitized Financing Facility:					
2018-1 Class A-2 Senior Secured Notes (1)	Level 2	$ 320,000	$ 328,474	$ 320,000	$ 320,000

(1) The fair value of long-term debt was estimated using available market information.

The Company also measures certain non-financial assets (primarily long-lived assets, intangible assets, and goodwill) at fair value on a non-recurring basis in connection with its periodic evaluations of such assets for potential impairment.

(5) Income Taxes

Income tax expense and the effective tax rate were $0.8 million and 10.3%, respectively, for the thirteen weeks ended March 30, 2019, and $1.7 million and 21.2%, respectively, for the thirteen weeks ended March 31, 2018.

Income tax expense for the thirteen weeks ended March 30, 2019 includes $1.2 million in tax benefits resulting from the recognition of excess tax benefits from stock-based compensation, compared to $0.4 million of tax benefits recognized in the thirteen weeks ended March 31, 2018.

(6) Debt Obligations

On November 14, 2018, Wingstop Funding LLC (the "Issuer"), a limited-purpose, bankruptcy-remote, wholly owned indirect subsidiary of Wingstop Inc., issued $320 million of its Series 2018-1 4.970% Fixed Rate Senior Secured Notes, Class A-2 (the "Class A-2 Notes"). Interest and principal are payable on a quarterly basis and the Class A-2 Notes have an anticipated repayment date of December 2023.

In addition, the Issuer issued Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "Variable Funding Notes"), which permit borrowings of up to a maximum principal amount of $20 million, which may be used to issue letters of credit. As of March 30, 2019, $5.0 million of letters of credit were outstanding against the Variable Funding Notes, which relate primarily to interest reserves required under the base indenture and related supplemental indenture. There were no amounts drawn down on the letter of credit as of March 30, 2019 or December 29, 2018.

The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the "Notes" and were issued in a securitization transaction pursuant to which certain of the Company's domestic and foreign revenue-generating assets, consisting principally of franchise-related agreements and intellectual property, were contributed or otherwise transferred to the Issuer and certain other limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of the Company that act as guarantors of the Notes and that have pledged substantially all of their assets as collateral securing the Notes.

The Notes are subject to a series of financial and non-financial covenants and restrictions. As of March 30, 2019, the Company was in compliance with all such financial covenants.

As of March 30, 2019, the scheduled principal payments on debt were as follows (in thousands):

Remainder of fiscal year 2019	$	2,400
Fiscal year 2020		3,200
Fiscal year 2021		3,200
Fiscal year 2022		3,200
Fiscal year 2023		308,000
Total	$	320,000

(7) Leases

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for office and retail space, as well as equipment. Our leases have remaining terms of one year to eight years, some of which include options to extend the lease term for up to ten years. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We have lease agreements that contain both lease and non-lease components. For real estate leases, we account for lease components together with non-lease components (e.g., common-area maintenance).

Components of lease expense are as follows (in thousands):

	Thirteen Weeks Ended March 30, 2019
Operating lease cost [(a)]	$ 502
Variable lease cost [(b)]	125
Total lease cost	$ 627

[(a)] Includes short-term leases, which are immaterial.
[(b)] Primarily related to adjustments for inflation, common area maintenance, and property tax.

Supplemental cash flow information related to leases is as follows (dollar amounts in thousands):

	Thirteen Weeks Ended March 30, 2019
Operating cash flow information:	
Cash paid for amounts included in the measurement of lease liabilities	$ 545

Supplemental balance sheet information related to our operating leases is as follows:

	Balance Sheet Classification	Thirteen Weeks Ended March 30, 2019
Right-of-use assets	Other non-current assets	$ 8,170
Current lease liabilities	Other current liabilities	1,751
Non-current lease liabilities	Other non-current liabilities	8,138

Weighted average lease term and discount rate information related to leases is as follows:

	Thirteen Weeks Ended March 30, 2019
Weighted average remaining lease term of operating leases	5.6 years
Weighted average discount rate of operating leases	4.97%

Maturities of lease liabilities by fiscal year are as follows (in thousands):

Fiscal year 2019	$ 1,636
Fiscal year 2020	2,213
Fiscal year 2021	2,003
Fiscal year 2022	1,798
Fiscal year 2023	1,520
Thereafter	2,140
Total lease payments	11,310
Less: imputed interest	(1,421)
Present value of lease liabilities	$ 9,889

As of December 29, 2018, minimum lease payments under non-cancelable operating leases by period were expected to be as follows (in thousands):

Fiscal year 2019	$ 2,181
Fiscal year 2020	2,214
Fiscal year 2021	2,005
Fiscal year 2022	1,800
Fiscal year 2023	1,523
Thereafter	2,145
Total	$ 11,868

(8) Commitments and Contingencies

The Company is subject to legal proceedings, claims, and liabilities, such as employment-related claims and premises-liability cases, which arise in the ordinary course of business and are generally covered by insurance. In the opinion of management, the amount of ultimate liability with respect to such actions is not likely to have a material adverse impact on the Company’s financial position, results of operations, or cash flows.

(9) Stock-Based Compensation

Stock-based compensation is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense over the requisite employee service period (generally the vesting period of the grant). The Company recognized $0.8 million in stock-based compensation expense for the thirteen weeks ended March 30, 2019, with a corresponding increase to additional paid-in-capital. Stock-based compensation expense is included in selling, general and administrative expense in the Consolidated Statements of Operations.

Stock Options

The following table summarizes stock option activity (in thousands, except term and per share data):

	Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Term
Outstanding - December 29, 2018	236	$ 6.04	$ 13,848	4.8
Options granted	—	—		
Options exercised	(54)	2.92		
Options canceled	(1)	40.98		
Outstanding - March 30, 2019	181	$ 6.43	$ 12,526	4.7

The total grant-date fair value of stock options vested during the thirteen weeks ended March 30, 2019 was $0.2 million. The total intrinsic value of stock options exercised during the thirteen weeks ended March 30, 2019 was $3.5 million. As of March 30, 2019, total unrecognized compensation expense related to unvested stock options was $0.1 million, which is expected to be recognized over a weighted-average period of 1.1 years.

Restricted Stock Units and Performance Stock Units

The following table summarizes activity related to restricted stock units ("RSUs") and performance stock units ("PSUs") (in thousands, except per share data):

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding - December 29, 2018	103	$ 36.18	130	$ 40.46
Units granted	43	65.86	44	65.86
Units vested	(40)	34.02	(21)	36.10
Units canceled	(10)	35.68	(8)	35.21
Outstanding - March 30, 2019	96	$ 51.05	145	$ 49.46

The fair value of the Company's RSUs and PSUs is based on the closing market price of the stock on the date of grant. The RSUs granted during the thirteen weeks ended March 30, 2019 vest over a three-year service period. As of March 30, 2019, total unrecognized compensation expense related to unvested RSUs was $4.7 million, which is expected to be recognized over a weighted-average period of 2.2 years.

The PSUs vest based on the outcome of certain performance criteria. For the PSUs granted during the thirteen weeks ended March 30, 2019, the amount of units that can be earned range from 0% to 100% of the number of PSUs granted based on a service condition and a performance vesting condition based on the achievement of certain adjusted EBITDA targets, as defined by the plan, over a performance period of one to three years. The compensation expense related to these PSUs is recognized over the vesting period when the achievement of the performance conditions becomes probable. The total compensation cost for the PSUs is determined based on the most likely outcome of the performance condition and the number of awards expected to vest. As of March 30, 2019, total unrecognized compensation expense related to unvested PSUs was $5.3 million.

Restricted Stock Awards

The fair value of the unvested restricted stock awards is based on the closing price of the Company's common stock on the date of grant. As of March 30, 2019, total unrecognized compensation expense related to unvested restricted stock awards was $0.3 million, which will be recognized over a weighted average period of approximately 1.4 years.

(10) Business Segments

The Company's business operates in two segments: the "Franchise" segment and the "Company" segment. The Franchise segment consists of domestic and international franchise restaurants, which represent the majority of our system-wide restaurants. As of March 30, 2019, the Franchise segment consisted of 1,244 restaurants operated by Wingstop franchisees in the United States and international markets, compared to 1,133 franchised restaurants in operation as of March 31, 2018. Franchise segment revenue consists primarily of franchise royalty revenue, advertising fee revenue, franchise and development fees revenue, and international territory fees.

As of March 30, 2019, the Company segment consisted of 29 company-owned restaurants located in the United States, compared to 24 company-owned restaurants as of March 31, 2018. Company segment revenue is comprised of food and beverage sales at company-owned restaurants. Company segment expenses consist of operating expenses at company-owned restaurants and include food, beverage, labor, benefits, utilities, rent, and other operating costs.

The following table reflects revenue and profit information with respect to each segment and reconciles segment profits to income before taxes (in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Revenue:		
Franchise segment	$ 34,538	$ 26,386
Company segment	13,515	11,003
Total segment revenue	$ 48,053	$ 37,389
Segment Profit:		
Franchise segment	$ 9,255	$ 8,387
Company segment	2,516	2,641
Total segment profit	11,771	11,028
Corporate and other [1]	—	1,462
Interest expense, net	4,410	1,736
Income before taxes	$ 7,361	$ 7,830

[1] Corporate and other includes corporate related items not allocated to reportable segments and consists primarily of transaction costs associated with the refinancings of our credit agreement and payment of a special dividend.

(11) Revenue from Contracts with Customers

Revenue from contracts with customers consists primarily of royalties, Ad Fund contributions, initial and renewal franchise fees, and upfront fees from development agreements and international territory agreements. The performance obligations under franchise agreements consist of (a) a franchise license, (b) pre-opening services, such as training, and (c) ongoing services, such as management of the Ad Fund, development of training materials and menu items, and restaurant monitoring. These performance obligations are highly interrelated, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties and franchisee contributions to the Ad Fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Franchise agreement royalties and Ad Fund contributions, represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The performance obligation under development agreements and international territory agreements generally consists of an obligation to grant exclusive development rights over a stated term. These development rights are not distinct from franchise agreements, so upfront fees paid by franchisees for development rights are deferred and apportioned to each franchise restaurant opened by the franchisee. The pro rata amount apportioned to each restaurant is accounted for as an initial franchise fee.

The following table represents a disaggregation of revenue from contracts with customers for the thirteen weeks ended March 30, 2019 and March 31, 2018 (in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Royalty revenue	$ 17,907	$ 15,386
Advertising fees and related income	13,210	8,605
Franchise fees	1,582	685

Franchise fee, development fee, and international territory fee payments received by the Company are recorded as deferred revenue on the Consolidated Balance Sheets, which represents a contract liability. Deferred revenue is reduced as fees are recognized in revenue over the term of the franchise license for the respective restaurant. As the term of the franchise license is typically ten years, substantially all of the franchise fee revenue recognized in the thirteen weeks ended March 30, 2019 was included in the deferred revenue balance as of December 29, 2018. Approximately $8.0 million and $9.2 million of deferred revenue as of March 30, 2019 and December 29, 2018, respectively, relates to restaurants that have not yet opened, so the fees are not yet being amortized. The weighted average remaining amortization period for deferred franchise and renewal fees related to open restaurants is 7.4 years. The Company does not have any material contract assets as of March 30, 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Wingstop Inc. (collectively with its direct and indirect subsidiaries on a consolidated basis, "Wingstop," the "Company," "we," "our," or "us") should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (our "Annual Report"). The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity, and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Special Note Regarding Forward-Looking Statements," below, and "Risk Factors" on page 14 of our Annual Report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a 52 or 53 week fiscal year ending on the last Saturday of each calendar year. Our fiscal quarters are comprised of 13 weeks, with the exception of the fourth quarter of a 53 week year, which contains 14 weeks. Fiscal years 2019 and 2018 each contain 52 weeks.

Overview

Wingstop is a high-growth franchisor and operator of restaurants that offer cooked-to-order, hand-sauced and tossed chicken wings.

We believe we pioneered the concept of wings as a "center-of-the-plate" item for all of our meal occasions. While other concepts include wings as add-on menu items or focus on wings in a bar or sports-centric setting, we are focused on wings, fries, and sides, which generate approximately 93% of our system-wide sales.

We offer our guests 11 bold, distinctive and craveable flavors on our bone-in and boneless chicken wings and tenders that are always cooked to order and paired with our fresh-cut, seasoned fries and made-from-scratch Ranch and Bleu Cheese dips. Our menu is highly-customizable for different dining occasions, and we believe it delivers a compelling value proposition for groups, families, and individuals. We have broad and growing consumer appeal anchored by a sought after core demographic of 18-34 year old Millennials, which we believe is a loyal consumer group that dines at fast casual restaurants more frequently than other consumer groups.

Wingstop is the largest fast casual chicken wings-focused restaurant chain in the world and has demonstrated strong, consistent growth. As of March 30, 2019, we had a total of 1,273 restaurants in our global system. Our restaurant base is 98% franchised, with 1,244 franchised locations (including 132 international locations) and 29 company-owned restaurants as of March 30, 2019.

Key Performance Indicators

Key measures that we use in evaluating our restaurants and assessing our business include the following:

Number of restaurants. Management reviews the number of new restaurants, the number of closed restaurants, and the number of acquisitions and divestitures of restaurants to assess net new restaurant growth.

	Thirteen Weeks Ended	
	March 30, 2019	March 31, 2018
Domestic Franchised Activity:		
Beginning of period	1,095	1,004
Openings	20	22
Closures	(3)	(4)
Acquired by Company	—	(1)
Restaurants end of period	1,112	1,021
Domestic Company-Owned Activity:		
Beginning of period	29	23
Openings	—	—
Closures	—	—
Acquired from franchisees	—	1
Restaurants end of period	29	24
Total Domestic Restaurants	**1,141**	**1,045**
International Franchised Activity:		
Beginning of period	128	106
Openings	6	6
Closures	(2)	—
Restaurants end of period	132	112
Total System-wide Restaurants	**1,273**	**1,157**

System-wide sales. System-wide sales represents net sales for all of our company-owned and franchised restaurants, with franchised restaurant sales reported by franchisees. While we do not record franchised restaurant sales as revenue, our royalty revenue is calculated based on a percentage of franchised restaurant sales, which generally ranges from 5.0% to 6.0% of gross sales, net of discounts. This measure allows management to better assess changes in our royalty revenue, our overall store performance, the health of our brand, and the strength of our market position relative to competitors. Our system-wide sales growth is driven by new restaurant openings as well as increases in same store sales.

Average unit volume ("AUV"). AUV consists of the average annual sales of all restaurants that have been open for a trailing 52-week period or longer. This measure is calculated by dividing sales during the applicable period for all restaurants being measured by the number of restaurants being measured. Domestic AUV includes revenue from both company-owned and franchised restaurants. AUV allows management to assess our company-owned and franchised restaurant economics. Changes in AUV are primarily driven by increases in same store sales and are also influenced by opening new restaurants.

Same store sales. Same store sales reflects the change in year-over-year sales for the same store base. We define the same store base to include those restaurants open for at least 52 full weeks. This measure highlights the performance of existing restaurants, while excluding the impact of new restaurant openings and closures. We review same store sales for company-owned restaurants as well as franchised restaurants. Same store sales are driven by changes in transactions and average transaction size. Transaction size changes are driven by price changes or product mix shifts from either a change in the number of items purchased or shifts into higher or lower priced categories of items.

EBITDA and Adjusted EBITDA. We define EBITDA as net income before interest expense, net, income tax expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted for transaction costs, gains and losses on the disposal of assets, and stock-based compensation expense. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies due to differences in methods of calculation. For a reconciliation of net income to EBITDA and Adjusted EBITDA and for further discussion of EBITDA and Adjusted EBITDA as non-GAAP measures and how we utilize them, see footnote 2 below.

The following table sets forth our key performance indicators as well as our total revenue and net income for the thirteen weeks ended March 30, 2019 and March 31, 2018 (dollars in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
Number of system-wide restaurants open at end of period	1,273	1,157
System-wide sales [1]	$ 362,369	$ 312,981
Domestic restaurant AUV	$ 1,156	$ 1,120
System-wide domestic same store sales growth	7.1%	9.5%
Company-owned domestic same store sales growth	4.7%	12.5%
Total revenue	$ 48,053	$ 37,389
Net income	$ 6,606	$ 6,168
Adjusted EBITDA [2]	$ 13,885	$ 12,492

(1) The percentage of system-wide sales attributable to company-owned restaurants was 3.7% and 3.5% for the thirteen weeks ended March 30, 2019 and March 31, 2018, respectively. The remainder was generated by franchised restaurants, as reported by our franchisees.

(2) EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity.

We define "EBITDA" as net income before interest expense, net, income tax expense, and depreciation and amortization. We define "Adjusted EBITDA" as EBITDA further adjusted for transaction costs, gains and losses on the disposal of assets, and stock-based compensation expense. There were no gains or losses on disposal of assets during the thirteen weeks ended March 30, 2019 and March 31, 2018. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate EBITDA and Adjusted EBITDA in the same manner. We present EBITDA and Adjusted EBITDA because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management believes that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations on a period-over-period basis and would ordinarily add back non-cash expenses such as depreciation and amortization, as well as items that are not part of normal day-to-day operations of our business.

Management uses EBITDA and Adjusted EBITDA:

- as a measurement of operating performance because they assist us in comparing the operating performance of our restaurants on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies;
- to evaluate our capacity to fund capital expenditures and expand our business; and
- to calculate incentive compensation payments for our employees, including assessing performance under our annual incentive compensation plan and determining the vesting of performance-based equity awards.

By providing these non-GAAP financial measures, together with a reconciliation to the most comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants, such as our fixed charge coverage, lease adjusted leverage, and debt incurrence. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our consolidated financial statements as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only supplementally. As noted in the table below, Adjusted EBITDA includes adjustments for transaction costs, gains and losses on disposal of assets, and stock-based compensation expense. It is reasonable to expect that these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our restaurants, and complicate comparisons of our internal operating results and operating results of other restaurant companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management measure our core operating performance over time by removing items that are not related to day-to-day operations.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the thirteen weeks ended March 30, 2019 and March 31, 2018 (in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
Net income	$ 6,606	$ 6,168
Interest expense, net	4,410	1,736
Income tax expense	755	1,662
Depreciation and amortization	1,276	950
EBITDA	$ 13,047	$ 10,516
Additional adjustments:		
Transaction costs (a)	—	1,462
Stock-based compensation expense (b)	838	514
Adjusted EBITDA	$ 13,885	$ 12,492

(a) Represents costs and expenses related to the refinancing of the senior secured credit facility dated June 30, 2016 and payment of a special dividend; all transaction costs are included in selling, general and administrative expenses ("SG&A").
(b) Includes non-cash, stock-based compensation.

Results of Operations

Thirteen Weeks Ended March 30, 2019 compared to Thirteen Weeks Ended March 31, 2018

The following table sets forth our results of operations for the thirteen weeks ended March 30, 2019 and March 31, 2018 (dollars in thousands):

	Thirteen Weeks Ended		Increase / (Decrease)	
	March 30, 2019	March 31, 2018	$	%
Revenue:				
Royalty revenue, franchise fees and other	$ 21,328	$ 17,781	$ 3,547	19.9 %
Advertising fees and related income	13,210	8,605	4,605	53.5 %
Company-owned restaurant sales	13,515	11,003	2,512	22.8 %
Total revenue	48,053	37,389	10,664	28.5 %
Costs and expenses:				
Cost of sales (1)	9,730	7,397	2,333	31.5 %
Advertising expenses	12,734	8,643	4,091	47.3 %
Selling, general and administrative	12,542	10,833	1,709	15.8 %
Depreciation and amortization	1,276	950	326	34.3 %
Total costs and expenses	36,282	27,823	8,459	30.4 %
Operating income	11,771	9,566	2,205	23.1 %
Interest expense, net	4,410	1,736	2,674	154.0 %
Income before income tax expense	7,361	7,830	(469)	(6.0)%
Income tax expense	755	1,662	(907)	(54.6)%
Net income	$ 6,606	$ 6,168	$ 438	7.1 %

(1)Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

Total revenue. During the thirteen weeks ended March 30, 2019, total revenue was $48.1 million, an increase of $10.7 million, or 28.5%, compared to $37.4 million in the comparable period in 2018.

Royalty revenue, franchise fees and other. During the thirteen weeks ended March 30, 2019, royalty revenue, franchise fees and other was $21.3 million, an increase of $3.5 million, or 19.9%, compared to $17.8 million in the comparable period in 2018. Royalty revenue increased due to 111 net franchise restaurant openings since March 31, 2018 and domestic same store sales growth of 7.1%. Franchise fees increased $0.9 million due to higher termination fees recognized in the current period.

Advertising fees and related income. During the thirteen weeks ended March 30, 2019, advertising fees and related income was $13.2 million, an increase of $4.6 million, or 53.5%, compared to $8.6 million in the comparable period in 2018. Advertising fees increased primarily due to the increase in Ad Fund contributions from 3% to 4% of gross sales beginning in fiscal year 2019 as well as the 15.8% increase in system-wide sales in the thirteen weeks ended March 30, 2019 compared to the thirteen weeks ended March 31, 2018.

Company-owned restaurant sales. During the thirteen weeks ended March 30, 2019, company-owned restaurant sales were $13.5 million, an increase of $2.5 million, or 22.8%, compared to $11.0 million in the comparable period in 2018. The increase was primarily due to the acquisition of five franchised restaurants since the prior year comparable period resulting in additional sales of $1.6 million and company-owned domestic same store sales growth of 4.7%, which was primarily driven by an increase in transactions.

Cost of sales. During the thirteen weeks ended March 30, 2019, cost of sales was $9.7 million, an increase of $2.3 million, or 31.5%, compared to $7.4 million in the comparable period in 2018. Cost of sales as a percentage of company-owned restaurant sales was 72.0% in the thirteen weeks ended March 30, 2019, compared to 67.2% in the comparable period in 2018.

The table below presents the major components of cost of sales (dollars in thousands):

	Thirteen Weeks Ended			
	March 30, 2019	As a % of company-owned restaurant sales	March 31, 2018	As a % of company-owned restaurant sales
Cost of sales:				
Food, beverage and packaging costs	$ 4,816	35.6 %	$ 3,684	33.5 %
Labor costs	3,024	22.4 %	2,385	21.7 %
Other restaurant operating expenses	2,277	16.8 %	1,606	14.6 %
Vendor rebates	(387)	(2.9)%	(278)	(2.5)%
Total cost of sales	$ 9,730	72.0 %	$ 7,397	67.2 %

Food, beverage and packaging costs as a percentage of company-owned restaurant sales were 35.6% in the thirteen weeks ended March 30, 2019, compared to 33.5% in the comparable period in 2018. The increase was primarily due to a 10.0% increase in the cost of bone-in chicken wings as compared to the prior year period.

Labor costs as a percentage of company-owned restaurant sales were 22.4% for the thirteen weeks ended March 30, 2019, compared to 21.7% in the comparable period in 2018. The increase was primarily due to investment in labor as well as training associated with the three franchised restaurants that we acquired in the fiscal fourth quarter of 2018 as we make investments to prepare these restaurants to be refranchised in a future period. This increase is offset slightly by the increase in company-owned domestic same store sales of 4.7%.

Other restaurant operating expenses as a percentage of company-owned restaurant sales were 16.8% for the thirteen weeks ended March 30, 2019, compared to 14.6% in the comparable period in 2018. The increase as a percentage of company-owned restaurant sales was primarily due to an increase in Ad Fund contributions from 3% to 4% of gross sales, as well as investments in repairs and maintenance associated with the three franchised restaurants that we acquired in the fiscal fourth quarter of 2018 as we make investments to prepare these restaurants to be refranchised in a future period. This increase was slightly offset by the increase in company-owned domestic same store sales of 4.7%.

Advertising expenses. During the thirteen weeks ended March 30, 2019, advertising expenses were $12.7 million, an increase of $4.1 million compared to $8.6 million in the comparable period in 2018. Ad Fund contributions increased from 3% to 4% of gross sales beginning in fiscal year 2019 and advertising expenses are recognized at the same time the related revenue is recognized, which does not necessarily correlate to the actual timing of the related advertising spend.

Selling, general and administrative. During the thirteen weeks ended March 30, 2019, SG&A expense was $12.5 million, an increase of $1.7 million compared to $10.8 million in the comparable period in 2018. The increase in SG&A expense was primarily due to an increase of $1.6 million in headcount related expenses as we make investments to support our strategic initiatives. Also contributing to the increase is $0.6 million associated with additional expenses to support our continued investment in our national advertising campaign. The remaining increases were in various SG&A items to support investments in technology and other initiatives. These year over year increases were offset by nonrecurring costs of $1.5 million incurred in the first quarter of 2018 related to our debt refinancing and payment of a special dividend.

Depreciation and amortization. During the thirteen weeks ended March 30, 2019, depreciation expense was $1.3 million, an increase of $0.3 million compared to $1.0 million in the comparable period in 2018. The increase in depreciation and amortization was primarily due to additional amortization associated with reacquired franchise rights resulting from the acquisition of franchised restaurants.

Interest expense, net. During the thirteen weeks ended March 30, 2019, interest expense was $4.4 million, an increase of $2.7 million compared to $1.7 million in the comparable period in 2018. The increase was primarily due to a higher average outstanding debt balance and applicable interest rate related to our securitized debt facility.

Income tax expense. Income tax expense was $0.8 million in the thirteen weeks ended March 30, 2019, yielding an effective tax rate of 10.3%, compared to an effective tax rate of 21.2% in the prior year. The decrease in the effective tax rate was due to $1.2 million in tax benefits resulting from the recognition of excess tax benefits from stock-based compensation in income tax expense compared to $0.4 million of excess tax benefits in the prior year period.

Segment results. The following table sets forth our revenue and operating profit for each of our segments for the period presented (dollars in thousands):

	Thirteen Weeks Ended		Increase / (Decrease)	
	March 30, 2019	March 31, 2018	$	%
Revenue:				
Franchise segment	$ 34,538	$ 26,386	$ 8,152	30.9 %
Company segment	13,515	11,003	2,512	22.8 %
Total segment revenue	$ 48,053	$ 37,389	$ 10,664	28.5 %
Segment Profit:				
Franchise segment	$ 9,255	$ 8,387	$ 868	10.3 %
Company segment	2,516	2,641	(125)	(4.7)%
Total segment profit	$ 11,771	$ 11,028	$ 743	6.7 %

Franchise segment. During the thirteen weeks ended March 30, 2019, franchise segment revenue was $34.5 million, an increase of $8.2 million, or 30.9%, compared to $26.4 million in the comparable period in 2018. Royalty revenue increased $2.5 million due to 111 net franchise restaurant openings since March 31, 2018 and domestic same store sales growth of 7.1%. Advertising fees and related income increased $4.6 million primarily due to the increase in Ad Fund contributions from 3% to 4% of gross sales beginning in fiscal year 2019 as well as the increase in system-wide sales in the thirteen weeks ended March 30, 2019 compared to the thirteen weeks ended March 31, 2018. Franchise fees increased $0.9 million due to higher termination fees recognized in the current period.

During the thirteen weeks ended March 30, 2019, franchise segment profit was $9.3 million, an increase of $0.9 million, or 10.3%, compared to $8.4 million in the comparable period in 2018, primarily due to the growth in franchise segment revenue.

Company segment. During the thirteen weeks ended March 30, 2019, company-owned restaurant sales were $13.5 million, an increase of $2.5 million, or 22.8%, compared to $11.0 million in the comparable period in 2018. The increase was primarily due to the acquisition of five franchised restaurants since the prior year comparable period, resulting in additional sales of $1.6 million and an increase in company-owned domestic same store sales of 4.7%, which was primarily driven by an increase in transactions.

During the thirteen weeks ended March 30, 2019, company segment profit was $2.5 million, a decrease of $0.1 million, or 4.7%, compared to $2.6 million in the comparable period in 2018. The decrease was primarily due to a 10.0% increase in the cost of bone-in chicken wings as well as an increase in Ad Fund contributions from 3% to 4% of gross sales beginning in fiscal year 2019. Also contributing to the increase was an increase in labor and other restaurant operating expenses associated with the three franchised restaurants that we acquired in the fiscal fourth quarter of 2018 as we make investments to prepare these restaurants to be refranchised in a future period. The decrease was offset slightly by an increase in company-owned domestic same store sales of 4.7%, which was primarily driven by an increase in transactions.

Liquidity and Capital Resources

General. Our primary sources of liquidity and capital resources are cash provided from operating activities, cash and cash equivalents on hand, and proceeds from the incurrence of debt. Our primary requirements for liquidity and capital are working capital and general corporate needs. Historically, we have operated with minimal positive working capital or negative working capital. We believe that our sources of liquidity and capital will be sufficient to finance our continued operations and growth strategy for at least the next twelve months.

The following table shows summary cash flows information for the thirteen weeks ended March 30, 2019 and March 31, 2018 (in thousands):

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
Net cash provided by (used in):		
Operating activities	$ 9,598	$ 9,456
Investing activities	(641)	(2,326)
Financing activities	(3,246)	(5,947)
Net change in cash and cash equivalents	$ 5,711	$ 1,183

Operating activities. Our cash flows from operating activities are principally driven by sales at both franchise restaurants and company-owned restaurants, as well as franchise and development fees. We collect franchise royalties from our franchise owners on a weekly basis. Restaurant-level operating costs at our company-owned restaurants, unearned franchise and development fees and corporate overhead costs also impact our cash flows from operating activities.

Net cash provided by operating activities was $9.6 million in the thirteen weeks ended March 30, 2019, which was relatively consistent with net cash provided by operating activities of $9.5 million in 2018.

Investing activities. Our net cash used in investing activities was $0.6 million in the thirteen weeks ended March 30, 2019, a decrease of $1.7 million from $2.3 million used in investing activities in 2018. The decrease was primarily due to an acquisition of a restaurant from a franchisee during the thirteen weeks ended March 31, 2018.

Financing activities. Our net cash used in financing activities was $3.2 million in the thirteen weeks ended March 30, 2019, a decrease of $2.7 million from cash used in financing activities of $5.9 million in 2018. The decrease was due to the payment of a special dividend paid in the first quarter of 2018 totaling $92.7 million, offset by net borrowings of long-term debt of $89.6 million in the comparable period in 2018.

Securitized financing facility. On November 14, 2018, we entered into a securitized financing facility comprised of $320 million of Series 2018-1 4.97% Fixed Rate Senior Secured Notes, Class A-2 (the "Class A-2 Notes") as well as a variable funding note facility of Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "Variable Funding Notes" and, together with the Class A-2 Notes, the "Notes"), which will allow us to borrow up to $20 million as needed on a revolving basis. We utilized approximately $314 million of proceeds from the Class A-2 Notes to repay the approximately $215 million of indebtedness under our 2018 senior secured credit facility (the "2018 Facility") and to pay a special cash dividend of approximately $89.7 million to our stockholders.

The Class A-2 Notes are subject to 1% annual amortization, bear interest at a fixed rate of 4.97% per annum, and have an anticipated repayment date of December 2023. Interest and principal payments on the Notes are payable on a quarterly basis.

Dividends. We paid a quarterly cash dividend of $0.09 per share of common stock, aggregating $2.6 million during the first quarter of 2019. On May 6, 2019, the Company's Board of Directors approved a dividend of $0.09 per share, to be paid on June 21, 2019, totaling approximately $2.7 million.

We do not currently expect the restrictions in our debt instruments to impact our ability to make regularly quarterly dividends pursuant to our quarterly dividend program. However, any future declarations of dividends, as well as the amount and timing of such dividends, is subject to capital availability and the discretion of our board of directors, which must evaluate, among other things, whether cash dividends are in the best interest of our stockholders.

Contractual Obligations

There have been no material changes to our contractual obligations disclosed in the contractual obligations section of Management's Discussion and Analysis of Financial Condition and Results of Operations in the Annual Report. For additional information regarding our long-term debt and our commitments and contingencies, see Note 10, *Debt Obligations* and Note 11, *Commitments and Contingencies* in the Annual Report and the corresponding Notes 6 and 8 in the notes to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements or obligations as of March 30, 2019.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. Critical accounting estimates are those that require application of management's most difficult, subjective, or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. Our critical accounting policies and estimates are identified and described in our annual consolidated financial statements and the related notes included in our Annual Report, and there have been no material changes since the filing of our Annual Report.

Recent Accounting Pronouncements

See Note 1 to our consolidated financial statements, *Basis of Presentation*, for a summary of recent accounting pronouncements.

Special Note Regarding Forward-Looking Statements

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to the discussion of our business strategies and our expectations concerning future operations, margins, profitability, trends, liquidity and capital resources and to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements can generally by identified by the use of forward-looking terminology, including the terms "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "think," "estimate," "seek," "expect," "predict," "could," "project," "potential" or, in each case, their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks, and factors relating to our operations and business environments, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward-looking statements.

Such risks and other factors include those listed in Item 1A., "Risk Factors," and elsewhere in this report, including the following factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements:

- our ability to effectively implement our growth strategy;
- risks associated with changes in food and supply costs;
- our relationships with, and the performance of, our franchisees, as well as actions by franchisees that could harm our business;
- our ability to identify, recruit and contract with a sufficient number of qualified franchisees;
- risks associated with food safety, food-borne illness and other health concerns;

- our ability to successfully expand into new markets;
- our ability to effectively compete within our industry;
- risks associated with interruptions in our supply chain;
- risks associated with our future performance and operating results falling below the expectations of securities analysts and investors;
- risks associated with data privacy, cyber security, and the use and implementation of information technology;
- risks associated with our increasing dependence on digital commerce platforms;
- uncertainty in the law with respect to the assignment of liabilities in the franchise business model;
- risks associated with litigation against us or our franchisees;
- our ability to successfully advertise and market our business;
- risks associated with changes in customer preferences and perceptions;
- our ability to comply with government regulations relating to food products and franchising, including increased costs associated with new or changing regulations;
- risks associated with the geographic concentration of our business;
- our ability to maintain adequate insurance coverage for our business;
- risks associated with damage to our reputation or lack of acceptance of our brand in existing or new markets;
- our ability to comply with the terms of our securitized debt financing and generate sufficient cash flows to satisfy our significant debt service obligations thereunder;
- our ability to attract and retain our executive officers and other key employees; and
- our ability to protect our intellectual property, including trademarks and trade secrets.

The above list of factors is not exhaustive. Some of these and other factors are discussed in more detail under "Risk Factors" in our Annual Report. When considering forward-looking statements in this report or that we make in other reports or statements, you should keep in mind the cautionary statements in this report and future reports we file with the SEC. New risks and uncertainties arise from time to time, and we cannot predict when they may arise or how they may affect us. Except as required by law, we assume no obligation to update or revise any forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Impact of Inflation. The primary inflationary factors affecting our and our franchisees' operations are food and beverage costs, labor costs, energy costs and the costs and materials used in the construction of new restaurants. Our restaurant operations are subject to federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits. Significant numbers of our and our franchisees' restaurant personnel are paid at rates related to the federal and/or state minimum wage and, accordingly, increases in the minimum wage increase our and our franchisees' labor costs. To the extent permitted by competition and the economy, we have mitigated increased costs by increasing menu prices and may continue to do so if deemed necessary in future years. Substantial increases in costs and expenses could impact our operating results to the extent such increases cannot be passed through to our customers. Historically, inflation has not had a material effect on our results of operations. Severe increases in inflation, however, could affect the global and U.S. economies and could have an adverse impact on our business, financial condition and results of operations.

Commodity Price Risk. We are exposed to market risks from changes in commodity prices. Many of the food products purchased by us are affected by weather, production, availability and other factors outside our control. Although we attempt to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients, there are no established fixed price markets for fresh bone-in chicken wings, so we are subject to prevailing market conditions. Bone-in chicken wings accounted for approximately 28.0% and 27.2% of our company-owned restaurant cost of sales during the thirteen weeks ended March 30, 2019 and March 31, 2018, respectively. A hypothetical 10% increase in the bone-in chicken wing costs would have increased costs of sales by approximately $0.3 million during the thirteen weeks ended March 30, 2019. We do not engage in speculative financial transactions nor do we hold or issue financial instruments for trading purposes. In instances when we use fixed pricing arrangements with our suppliers, these arrangements cover our physical commodity needs, are not net-settled, and are accounted for as normal purchases.

Interest Rate Risk. As discussed in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation" under "Liquidity and Capital Resources," the Company entered into a securitized financing facility on November 14, 2018, issuing $320.0 million of Class A-2 Notes. The proceeds from the Class A-2 Notes were used to repay all amounts outstanding on the 2018 Facility, to pay transaction costs, for general corporate purposes, and for the payment of a special dividend. Concurrently, the Company entered into a revolving financing facility which allows for the drawing of up to $20.0 million using various credit instruments, including a letter of credit facility. The final legal maturity date of the Notes is in 2048; however, the anticipated repayment date of the Notes is December 2023. The 2018 Facility was canceled upon repayment of all outstanding amounts thereunder in connection with the closing of our securitized financing transaction.

Our long-term debt, including current portion, consisted entirely of the $320.0 million incurred under the Notes as of March 30, 2019 (excluding unamortized debt issuance costs and the effect of purchase accounting adjustments). The Company's predominantly fixed-rate debt structure has reduced the Company's exposure to interest rate increases that could adversely affect its earnings and cash flows, but the Company remains exposed to changes in market interest rates reflected in the fair value of the debt and to the risk that the Company may in the future need to refinance maturing debt with new debt at a higher rate. The Company is exposed to interest rate increases under the Variable Funding Notes; however, the Company had no outstanding borrowings under its Variable Funding Notes, with $5.0 million of letters of credit outstanding, as of March 30, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 30, 2019, pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in claims and legal actions that arise in the ordinary course of business. To our knowledge, there are no material pending legal proceedings to which we are a party or of which any of our property is the subject.

Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in the "Risk Factors" section of our Annual Report.

There have been no material changes to our Risk Factors as previously reported.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Index to Exhibits

Exhibit No.	**Description**
3.1	Amended and Restated Certificate of Incorporation of Wingstop Inc., filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1/A (Registration No. 333-203891) on June 2, 2015 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Wingstop Inc., filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K (File No. 001-37425) for the fiscal year ended December 30, 2017 and incorporated herein by reference.
10.1†	Wingstop Inc. Executive Severance Plan, effective as of January 1, 2019, filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K (File No 0001-37425) for the fiscal year ended December 29, 2018 and incorporated herein by reference.
10.2†	Form of Wingstop Inc. Executive Severance Plan Participation Agreement, filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K (File No 0001-37425) for the fiscal year ended December 29, 2018 and incorporated herein by reference.
10.3†	Wingstop Inc. Amended and Restated Executive Severance Plan, effective as of February 26, 2019, filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K (File No 0001-37425) for the fiscal year ended December 29, 2018 and incorporated herein by reference.
10.4*†	Wingstop Inc. Employee Stock Purchase Plan.
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes–Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes–Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101 INS*	XBRL Instance Document
101 SCH*	XBRL Taxonomy Extension Schema Document
101 CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101 DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101 LAB*	XBRL Taxonomy Extension Label Linkbase Document
101 PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
** Furnished, not filed.
† Indicates management agreement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Wingstop Inc.

(Registrant)

Date: May 8, 2019	By: /s/ Charles R. Morrison
	Chairman and Chief Executive Officer
	(Principal Executive Officer)
Date: May 8, 2019	By: /s/ Michael J. Skipworth
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

WINGSTOP INC.

EMPLOYEE STOCK PURCHASE PLAN

This Wingstop Inc. Employee Stock Purchase Plan (this Plan") has been established by the Board of Directors (the "Board") of Wingstop Inc. (the "Company"), as of March 7, 2019 (the Effective Date"), subject to approval by the Company's stockholders.

ARTICLE I.
PURPOSE

This Plan is intended to provide Eligible Employees of the Company and its Participating Subsidiaries with an opportunity to acquire a proprietar interest in the Company through the purchase of shares of Common Stock, and to encourage such employees to remain with the Company or its Participatin Subsidiaries. The Company intends that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code and the Plan shall be interprete in a manner that is consistent with that intent. Accordingly, the provisions of the Plan shall be construed so as to extend and limit participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code.

ARTICLE II.
DEFINITIONS

"Account" shall mean the notional bookkeeping account maintained by the Company, or by a record keeper on behalf of the Company, for a Participant pursuant to the Plan.

"Board" means the Board of Directors of the Company, as constituted from time to time.

"Claim" means any claim, liability or obligation of any nature, arising out of or relating to this Plan or an alleged breach of this Plan.

"Code" means the U.S. Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall b deemed to include a reference to any regulations promulgated thereunder.

"Committee" means the committee designated by the Board to administer the Plan pursuant to ARTICLE 3.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Company" means Wingstop Inc., a Delaware corporation, including any successor thereto.

"Compensation" means all base straight time gross earnings, commissions, and the annual cash incentive bonus (if any) of a Participant. Compensation also includes any amounts contributed as salary reduction contributions to a plan qualifying under Section 401(a) of the Code. Any other form of remuneration is excluded from Compensation, including (but not limited to) the following: payments for overtime, shift premium, incentive compensation, incentive payments, equity and equity-based compensation, bonuses (other than the annual cash incentive bonus), prizes, awards, housing allowances, tuition reimbursement, severance pay, pay in lieu of vacations, sick leave or other special payments, or other forms of compensation.

"Corporate Transaction" means a merger, consolidation, acquisition of property or stock, separation, reorganization, or other corporate event described in Section 424 of the Code.

"Designated Broker" means the financial services firm or other agent designated by the Company to maintain ESPP Share Accounts on behalf o Participants who have purchased shares of Common Stock under the Plan.

"Disqualifying Disposition" shall have the meaning set forth in Section 9.3.

"Effective Date" means the date set forth in the preamble to the Plan, subject to the Plan obtaining stockholder approval in accordance with Sectior 18.10 hereof.

"Employee" means any person who renders services to the Company or a Participating Subsidiary as an employee pursuant to an employmen relationship with such employer. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Participating Subsidiary that meets the requirements of Treasury Regulation Sectior 1.421-1(h)(2). Where the period of leave exceeds three months, or such other period of time specified in Treasury Regulation Section 1.421-1(h)(2), and the individual's right to re-employment is not guaranteed by statute or contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2).

"Eligible Employee" means an Employee who is employed by the Company or a Participating Subsidiary, other than an Employee who: (i) immediately after an Option is granted, owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or a Subsidiary, computed in accordance with Section 423(b)(3) of the Code, (ii) is an Ineligible Foreign Employee, (iii) has been employed by th Company or a Participating Subsidiary for less than 12 months, (iv) is customarily employed for not more than five months in any calendar year, or (v) is customarily employed for 20 hours or less per week. Notwithstanding the foregoing, the Committee may, in its sole discretion, exclude from participation in the Plan or any Offering, Employees who are "highly compensated employees" of the Company or a Participating Subsidiary (within the meaning of Section 414(q) of the Code) by giving such employees written notice of ineligibility prior to the commencement of such Offering.

"Enrollment Form" means an agreement pursuant to which an Eligible Employee may elect to enroll in the Plan, to authorize a new level of payrol deductions, or to stop payroll deductions and withdraw from an Offering Period.

"ESPP Share Account" means an account into which Common Stock purchased with accumulated payroll deductions at the end of an Offering Perioc are held on behalf of a Participant.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date, the value of the shares of Common Stock as determined below. If the shares are listed on any established stock exchange or a national market system, including, without limitation, the NASDAQ Stock Market or New York Stock Exchange, the Fair Market Value shall be the closing price of a share (or if no sales were reported, the closing price on the date immediately preceding such date) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal. In the absence of an established market for the shares, the Fair Market Value shall be determined in good faith by the Committee and such determination shall be conclusive and binding on all persons.

"Ineligible Foreign Employee" shall mean an Employee who is a citizen or resident of a jurisdiction outside of the United States (without regard to whether the Employee is also a citizen of the United States or is a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) who is ineligible to participate in the Plan because (i) the grant of an Option under the Plan to such citizen or resident of the foreign jurisdiction is prohibited under the laws of such jurisdiction, or (ii) compliance with the laws of the foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code.

"Offering Date" means the first Trading Day of each Offering Period as designated by the Committee.

"Offering or Offering Period" means the period described in ARTICLE V hereof.

"Option" shall mean the stock option to acquire shares of Common Stock granted to a Participant pursuant to ARTICLE VII hereof.

"Participant" means an Eligible Employee who has elected to participate in the Plan and who has filed a valid and effective Enrollment Form to make payroll deduction contributions and has not withdrawn from the Plan or whose participation in the Plan is not terminated.

"Participating Subsidiaries" means all direct and indirect Subsidiaries of the Company, each as designated by the Committee as participating in the Plan.

"Plan" means this Wingstop Inc. Employee Stock Purchase Plan, as set forth herein, and as amended from time to time.

"Purchase Date" means the last Trading Day of each Offering Period.

"Purchase Price" means an amount equal to the lesser of (i) 85% of the Fair Market Value of a share of Common Stock on the Offering Date or (ii) 85% of the Fair Market Value of a share of Common Stock on the Purchase Date.

"Securities Act" means the Securities Act of 1933, as amended.

"Subsidiary" means any corporation, domestic or foreign, of which not less than 50% of the combined voting power is held by the Company or a Subsidiary, whether or not such corporation exists now or is hereafter organized or acquired by the Company or a Subsidiary. In all cases, the determination of whether an entity is a Subsidiary shall be made in accordance with Section 424(f) of the Code.

"Trading Day" means any day on which the national stock exchange upon which the Common Stock is listed is open for trading or, if the Common Stock is not listed on an established stock exchange or national market system, a business day, as determined by the Committee in good faith.

ARTICLE III.
ADMINISTRATION

Section 3.1 The Plan shall be administered by the Board or such committee of the Board as is designated by the Board to administer the Plan (the "Committee"). As of the Effective Date, the Board designates the Compensation Committee of the Board to administer the PlanAt any time that there is no Committee to administer the Plan, any references in this Plan to the Committee shall be deemed to refer to the Board.The Committee may delegate to officers of the Company, pursuant to a written resolution and to the extent permitted by applicable law, the authority to perform specified functions under the Plan. Any actions taken by any officers of the Company pursuant to such written delegation of authority shall be deemed to have been taken by the Committee.

Section 3.2 The Committee has the authority to (i) construe and interpret the Plan, provided that it shall interpret, construe, and administer the Plan in accordance with Section 423 of the Code and the regulations issued thereunder (ii) prescribe, amend, and rescind rules relating to the Plan's administration, (iii) determine eligibility and adjudicate all disputed claims filed under the Plan, and (iv) take any other actions necessary or desirable for the administration of the Plan including, without limitation, adopting sub-plans applicable to particular Participating Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan. The decisions of the Committee shall be final and binding on all persons.

Section 3.3 All expenses of administering the Plan shall be borne by the Company.

ARTICLE IV.
ELIGIBILITY

Section 4.1 Unless otherwise determined by the Committee in a manner that is consistent with Section 423 of the Code, any individual who is an Eligible Employee as of 15 days before the start of the relevant Offering Period shall be eligible to participate in such Offering Period, subject to the requirements of Section 423 of the Code.

Section 4.2 Notwithstanding any provision of the Plan to the contrary, no Eligible Employee shall be granted an Option under the Plan if (i) immediately after the grant of the Option, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or hold outstanding Options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary or (ii) such Option would permit such Eligible Employee's rights to purchase stock under al employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate that exceeds $25,000 of the Fair Market Value (or such other maximum as may be prescribed from time to time by the Code) of such stock (determined at the Offering Date of the Option) for each calendar year in which such Option is outstanding at any time, in accordance with the provisions of Section 423(b)(8) of the Code.

ARTICLE V.
OFFERING PERIODS

Section 5.1 The Plan shall be implemented by a series of consecutive offering periods, each of which shall be approximately six months in duration (each, an "Offering" or "Offering Period"), with new Offering Periods commencing on the 15th day following the close of the Company's trading window, pursuant to its Insider Trading Compliance Policy, for the second and fourth fiscal quarters of each year (or such other times as determined by the Committee or its designee), with each Offering Period ending on the last Trading Day immediately preceding the start of the next succeeding Offering Period. The first Offering Period under the Plan shall be the Offering Period commencing on the 15th day following the close of the Company's trading window, pursuant to its Insider Trading Compliance Policy, for the second fiscal quarter of 2019. The Committee (or its designee) shall have the authority to change the duration (subject to the limitations set forth in Section 423 of the Code), frequency, start and end dates of future Offering Periods.

Section 5.2 An Employee who becomes eligible to participate in the Plan after an Offering Period has commenced shall not be eligible to participate in such Offering but may participate in any subsequent Offering, provided that such Employee is still an Eligible Employee as of the commencement of any such subsequent Offering Period.

ARTICLE VI.
PARTICIPATION

Section 6.1 Enrollment; Payroll Deductions. An Eligible Employee may elect to participate in the Plan by properly completing an Enrollment Form, which may be electronic, and submitting it to the Company at least 15 days before the start of the relevant Offering Period, in accordance with the enrollment procedures established by the Committee and during an open trading window under, and otherwise in accordance with, the Company's Insider Trading Compliance Policy. Participation in the Plan is entirely voluntary. By submitting an Enrollment Form, the Eligible Employee authorizes payroll deductions from such Eligible Employee's pay check in an amount at least 1% of such Eligible Employee's Compensation during an Offering Period (or such other maximum percentage as the Committee may establish from time to time before an Offering Period begins), in whole percentages only. Payroll deductions shall commence on the first payroll date following the Offering Date and end on the last payroll date on or before the Purchase Date.

Section 6.2 Election Changes. During an Offering Period, a Participant may decrease or increase such Participant's rate of payroll deductions applicable to such Offering Period only once. To make such a change, the Participant must submit a new Enrollment Form authorizing the new rate of payroll deductions at least 15 days before the Purchase Date, and during an open trading window under, and otherwise in accordance with, the Company's Insider Trading Compliance Policy. Such decrease or increase will become effective with the first full payroll period following five business days after the Company's receipt of the new Enrollment Form, unless the Company elects to process a given change more quickly. A Participant may decrease or increase such Participant's rate of payroll deductions for future Offering Periods by submitting a new Enrollment Form authorizing the new rate of payroll deductions at least 15 days before the start of the next Offering Period.

Section 6.3 Automatic Re-enrollment. The deduction rate selected in the Enrollment Form shall remain in effect for subsequent Offering Periods unless the Participant (i) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with Section 6.2, (ii) withdraws from the Plan in accordance with Section ARTICLE X, or (iii) terminates employment or otherwise becomes ineligible to participate in the Plan.

ARTICLE VII.
GRANT OF OPTION

Section 7.1 Option. On each Offering Date, each Participant in the applicable Offering Period shall be granted a stock option to purchase, on the Purchase Date, a number of shares of Common Stock determined by dividing the Participant's accumulated payroll deductions by the applicable Purchase Price (an "Option").

Section 7.2 Maximum Number of Shares Purchased. The maximum number of shares of Common Stock that any Participant may purchase during any Offering Period (subject to adjustment in accordance with ARTICLE XVII and the limitations set forth in ARTICLE XII of the Plan) is an amount equal $25,000 divided by the Fair Market Value of the Common Stock on the applicable Offering Date of such Offering Period; provided, however, no Participant shall be entitled to purchase shares of Common Stock under the Plan (or any other employee stock purchase plan that is intended to meet the requirements of Section 423 of the Code) at a rate that exceeds $25,000 in Fair Market Value, determined as of the Offering Date for each Offering Period (or such other limit as may be imposed by the Code), for each calendar year in which a Participant participates in the Plan (or any other employee stock purchase plan described in this Section 7.2). The Company shall have the authority to take all necessary action, including but not limited to suspending the payroll deductions of any Participant, in order to ensure compliance with this Section 7.2.

ARTICLE VIII.
EXERCISE OF OPTION; PURCHASE OF SHARES

A Participant's Option to purchase shares of Common Stock will be exercised automatically on the Purchase Date of each Offering Period. The Participant's accumulated payroll deductions will be used to purchase the maximum number of whole shares of Common Stock that can be purchased with the amounts in the Participant's Account. No fractional shares of Common Stock may be purchased and any payroll deductions accumulated in a Participant's Account that are not sufficient to purchase a full share of Common Stock will be retained in such Participant's Account for the subsequent Offering Period subject to earlier withdrawal by the Participant in accordance with ARTICLE X or termination of employment in accordance with ARTICLE XI. Any amount of money remaining in a Participant's Account upon withdrawal or termination shall be returned to such Participant.

ARTICLE IX.
TRANSFER OF SHARES; DESIGNATED BROKER

Section 9.1 Transfer of Shares. Subject to Section 9.2, as soon as reasonably practicable after each Purchase Date, the Company will arrange for the delivery to each Participant of the shares of Common Stock purchased upon exercise of such Participant's Option. The Committee may permit or require that the shares be deposited directly into an ESPP Share Account established in the name of the Participant with a Designated Broker. Participants will not have any voting, dividend, or other rights of a stockholder with respect to the shares of Common Stock subject to any Option granted hereunder until such shares have been delivered pursuant to this ARTICLE IX.

Section 9.2 Designated Broker. If the Committee designates or approves a Designated Broker to hold shares purchased under the Plan for the accounts of Participants, the following procedures shall apply. Promptly following each Purchase Date, the number of shares of Stock purchased by each Participant shall be deposited into an ESPP Share Account established in the Participant's name with the Designated Broker. A Participant shall be free to undertake a disposition of the shares of Common Stock in his or her ESPP Share Account at any time, but in the absence of such a disposition, the shares of Common Stock must remain in the Participant's ESPP Share Account at the Designated Broker until the holding period set forth in Section 423 of the Code (*i.e.*, the later of one year from the Purchase Date and two years from the Offering Date for such shares) has been satisfied. With respect to shares of Common Stock for which the holding period set forth in Section 423 of the Code have been satisfied, the Participant may move those shares of Common Stock to another brokerage account of the Participant's choosing. A Participant who is not subject to payment of U.S. income taxes may move his or her shares of Stock to another brokerage account of his or her choosing at any time, without regard to the holding period set forth in Section 423 of the Code.

Section 9.3 Notice of Disposition. By entering the Plan, each Participant agrees to promptly give the Company notice of any shares of Common Stock disposed of before the later of one year from the Purchase Date and two years from the Offering Date for such shares of Common Stock (a "Disqualifying Disposition"), showing the number of such shares disposed of and the Purchase Date and Offering Date for such shares of Common Stock. This notice shall not be required if and so long as the Company has a Designated Broker and the provisions of Section 9.2 above apply. A Disqualifying Disposition by a Participant shall not affect the status of any other Option granted under the Plan.

ARTICLE X.
WITHDRAWAL

Section 10.1 Withdrawal Procedure. A Participant may withdraw from an Offering all but not less than all of the payroll deductions credited to such Participant's Account and not yet used to exercise such Participant's Option under the Plan by submitting to the Company a revised

Enrollment Form indicating such Participant's election to withdraw at least 15 days before the Purchase Date. The accumulated payroll deductions held o behalf of a Participant in such Participant's Account (that have not been used to purchase shares of Common Stock) shall be paid to the Participant prompth following receipt of the Participant's Enrollment Form indicating such Participant's election to withdraw and the Participant's Option shall be automaticall terminated. If a Participant withdraws from an Offering Period, no payroll deductions will be made during any succeeding Offering Period, unless th Participant re-enrolls in accordance with Section 6.1 of the Plan.

Section 10.2 Effect on Succeeding Offering Periods. A Participant's election to withdraw from an Offering Period will not have any effect upon such Participant's eligibility to participate in succeeding Offering Periods that commence following the completion of the Offering Period from which the Participan withdraws.

ARTICLE XI.
TERMINATION OF EMPLOYMENT; CHANGE IN EMPLOYMENT STATUS.

Upon termination of a Participant's employment for any reason, including death, disability, or retirement, or a change in the Participant's employment status following which the Participant is no longer an Eligible Employee, which in either case occurs at least 15 days before the Purchase Date, the Participar will be deemed to have withdrawn from the Plan and the payroll deductions in the Participant's notional account (that have not been used to purchase shares o Common Stock) shall be returned to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts under ARTICLE XV and the Participant's Option shall be automatically terminated. If the Participant's termination of employment or change in status occurs within 15 days before a Purchase Date, the accumulated payroll deductions shall be used to purchase shares on the Purchase Date.

ARTICLE XII.
SHARES RESERVED FOR PLAN

Section 12.1 Number of Shares. Subject to adjustment in accordance with ARTICLE XVII, a total of five hundred thousand (500,000) shares Common Stock have been reserved as authorized for issuance pursuant to the exercise of Options granted under the Plan. If, for any reason, any Option unde the Plan terminates in whole or in part, shares subject to such terminated Option may be again available pursuant to an Option under the Plan.The shares o Common Stock may be newly issued shares, treasury shares or shares acquired on the open market.

Section 12.2 Over-subscribed Offerings. The number of shares of Common Stock which a Participant may purchase in an Offering under the Plan ma be reduced if the Offering is over-subscribed. No Option granted under the Plan shall permit a Participant to purchase shares of Common Stock which, added together with the total number of shares of Common Stock purchased by all other Participants in such Offering, would exceed the total number o shares of Common Stock remaining available under the Plan. If the Committee determines that, on a particular Purchase Date, the number of shares Common Stock with respect to which Options are to be exercised exceeds the number of shares of Common Stock then available under the Plan, th Company shall make a pro rata allocation of the shares of Common Stock remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable.

ARTICLE XIII.
TRANSFERABILITY

No payroll deductions credited to a Participant's Account, nor any rights with respect to the exercise of an Option or any rights to receive Common Stock hereunder may be assigned, transferred, pledged, or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in ARTICLE XVI hereof) by the Participant. Any attempt to assign, transfer, pledge, or otherwise dispose of such rights or amounts shall be null and void and without effect.

ARTICLE XIV.
ACCOUNTS; APPLICATION OF FUNDS

The Company shall maintain records of all payroll deductions for a Participant in a notional bookkeeping Account, and all payroll deductions from a Participant's Compensation shall be credited to such Account but shall be deposited with the general funds of the Company. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, to the extent permitted by applicable law, and the Company shall not be required to segregate such payroll deductions or contributions. Neither the Company nor any Participating Subsidiary shall have any obligation to pay interest on payroll deductions or to hold such amounts in a trust.

ARTICLE XV.
STATEMENTS

Participants will be provided with statements at least annually that shall set forth the contributions made by the Participant to the Plan, the Purchase Price of any shares of Common Stock purchased with accumulated funds, the number of shares of Common Stock purchased, and any payroll deduction amounts remaining in the Participant's Account.

ARTICLE XVI.
DESIGNATION OF BENEFICIARY

Section 16.1 Designation of Beneficiary. A Participant may file, on forms supplied by the Company, a written designation of beneficiary who is to receive any shares of Common Stock from the Participant's ESPP Share Account under the Plan in the event of such Participant's death. In addition, a Participant may file a written designation of beneficiary who is to receive any cash withheld through payroll deductions and credited to the Participant's Account in the event of the Participant's death prior to the Purchase Date of an Offering Period.For purposes of Section 423 and 421 of the Code, any shares (and, if applicable, cash in lieu of fractional shares) delivered to the Participant's beneficiary shall be deemed to be transferred immediately to the Participant on the Participant's death, and immediately thereafter, deemed to have been transferred by the Participant to the Participant's beneficiary. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective. All beneficiary designations shall be in such form and manner as the Committee may designate from time to time.

Section 16.2 Changes; No Beneficiary. Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the Participant's surviving spouse, if any, or, if the Participant has no surviving spouse, the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares of Common Stock and/or cash to any one or more dependents or relatives of the Participant, or if dependent or relative is known to the Company, then to such other person as the Company may designate.

ARTICLE XVII.
ADJUSTMENTS UPON CHANGES IN CAPITALIZATION; DISSOLUTION OR LIQUIDATION; CORPORATE TRANSACTIONS

Section 17.1 Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the Company's structure affecting the Common Stock occurs, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Committee will, in such manner as it deems equitable, adjust the number of shares and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each outstanding Option under the Plan, and the numerical limits of ARTICLE VII and ARTICLE XI. Such adjustment shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive, and shall be made in accordance with the rules of any securities exchange, stock market, or stock quotation system to which the Company is subject. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option. Notwithstanding the foregoing, no such adjustment shall be made or authorized to the extent that such adjustment would cause the Plan or any Option to violate Section 423 or Section 424 of the Code.

Section 17.2 Dissolution or Liquidation. Unless otherwise determined by the Committee, in the event of a proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a new Purchase Date and the Offering Period will end immediately prior to the proposed dissolution or liquidation. The new Purchase Date will be before the date of the Company's proposed dissolution or liquidation. Before the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's Option will be exercised automatically on such date, unless before such time, the Participant has withdrawn from the Offering in accordance with ARTICLE X.

Section 17.3 Corporate Transaction. In the event of a Corporate Transaction, each outstanding Option will be assumed or an equivalent optior substituted by the successor corporation or a parent or Subsidiary of such successor corporation. If the successor corporation refuses to assume or substitute the Option, the Offering Period with respect to which the Option relates will be shortened by setting a new Purchase Date on which the Offering Period w end. The new Purchase Date will occur before the date of the Corporate Transaction. Prior to the new Purchase Date, the Committee will provide eac Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's Option will be exercised automatically on sucl date, unless before such time, the Participant has withdrawn from the Offering in accordance with ARTICLE X.

ARTICLE XVIII.
GENERAL PROVISIONS

Section 18.1 Equal Rights and Privileges. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, al Eligible Employees who are granted Options under the Plan shall have equal rights and privileges with respect to the Plan.

Section 18.2 No Right to Continued Service. Neither the Plan nor any benefits received hereunder will confer on any Participant the right to continue as an Employee or in any other capacity or interfere in any way with the right of the Company or any Subsidiary to reduce such person's compensation or other benefits or to terminate the services or employment of such Participant, with or without cause. Nothing in this Plan shall be deemed to create any fiduciary relationship between the Company and any Participant.

Section 18.3 Rights as Stockholder. A Participant will become a stockholder with respect to the shares of Common Stock that are purchased pursuant to Options granted under the Plan when the shares are transferred to the Participant's ESPP Share Account. A Participant will have no rights as a stockholde with respect to shares of Common Stock for which an election to participate in an Offering Period has been made until such Participant becomes a stockholde as provided above.

Section 18.4 Successors and Assigns. The Plan shall be binding on the Company and its successors and assigns.

Section 18.5 Entire Plan. This Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

Section 18.6 Compliance with Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with al applicable laws and regulations. Common Stock shall not be issued with respect to an Option granted under the Plan unless the exercise of such Option anc the issuance and delivery of the shares of Common Stock pursuant thereto shall comply with all applicable provisions of law, including, without limitation, the Securities Act, the Exchange Act, and the requirements of any stock exchange upon which the shares may then be listed.

Section 18.7 Term of Plan. The Plan shall become effective on the Effective Date and, unless terminated earlier pursuant to Section 18.8, shall have a term of 10 years from the Effective Date.

Section 18.8 Amendment or Termination. Subject to the provisions of Section 423 of the Code (or any other applicable law, regulation, or stock exchange rule), the Committee may, in its sole discretion, amend, suspend, or terminate the Plan at any time and for any reason; provided, however, that except as provided for in ARTICLE XVII, no such termination shall affect Options previously granted and no such amendment shall make any change in an Option already granted that adversely affects the rights of any participant, unless their consent is obtained. If the Plan is terminated, the Committee may elect to terminate all outstanding Offering Periods either immediately or once shares of Common Stock have been purchased on the next Purchase Date (which may, in the discretion of the Committee, be accelerated) or permit Offering Periods to expire in accordance with their terms (and subject to any adjustment in accordance with ARTICLE XVII). If any Offering Period is terminated before its scheduled expiration, all amounts that have not been used to purchase shares of Common Stock will be returned to Participants (without interest, except as otherwise required by law) as soon as administratively practicable. In addition, to the extent the Committee considers it necessary to comply with Rule 16b-3 under the Exchange Act, Section 423 of the Code, or any other applicable law, regulation or stock exchange rule, the Company shall obtain stockholder approval of any amendment in such a manner and to such a degree as required.

Section 18.9 Applicable Law. The laws of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to such state's conflict of law rules. A Participant's sole remedy for any Claim shall be against the Company, and no Participant shall have any claim or right of any nature against any Subsidiary or any stockholder or existing or former director, officer or Employee of the Company or any Subsidiary. The individuals and entities described above in this Section 18.9 (other than the Company) shall be third-party beneficiaries of this Plan for purposes of enforcing the terms of this Section 18.9.

Section 18.10 Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within 12 months before or after the date the Plan is adopted by the Board.

Section 18.11 Section 423 of the Code. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Any provision of the Plan that is intended to comply with Section 423 of the Code and is inconsistent with Section 423 of the Code or any successor provision of the Code shall without further act or amendment by the Company or the Committee be reformed to comply with the requirements of Section 423 of the Code. This Section 18.11 shall take precedence over all other provisions in the Plan.

Section 18.12 No Trust or Plan Funding The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Company with respect to this Plan. Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and any Participant. No Participant, beneficiary, or other person shall have any interest in any particular assets of the Company, any Subsidiary or any of their affiliates by reason of an Option under the Plan.

Section 18.13 Withholding. To the extent required by applicable Federal, state or local law, a Participant must make arrangements satisfactory to the Company for the payment of any withholding or similar tax obligations that arise in connection with the Plan. At any time, the Company may, but is not obligated to, withhold from a Participant's Compensation such amount as is necessary for the Company to meet applicable tax withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by such Participant.

Section 18.14 Non-U.S. Jurisdictions Without amending the Plan, and to the extent permitted by Section 423 of the Code without impacting the qualification of the Plan or any Options thereunder, the Committee may establish procedures to grant options or otherwise provide benefits to Employees of Subsidiaries of the Company with non-U.S. employees (other than Participating Subsidiaries) on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and the Committee shall have the authority to adopt such modifications, procedures, separate offerings, subplans and the like as may be necessary or desirable (i) to comply with provisions of the laws or regulations or conform to the requirements to operate the Plan in a qualified or tax or accounting advantageous manner in other countries or jurisdictions in which the Company or any of its affiliates may operate or have employees, (ii) to ensure the viability of the benefits from the Plan to employees employed in such countries or jurisdictions, and (iii) to meet the objectives of the Plan. Notwithstanding anything to the contrary herein, any such actions taken by the Committee with respect to such Employees may be treated as (x) a separate offering under Section 423 of the Code, or (y) a subplan outside of an "employee stock purchase plan" under Section 423 of the Code and not subject to the requirements of Section 423 of the Code and the Plan.

Section 18.15 Section 409A of the Code. The Plan is intended to be exempt from the application of Section 409A of the Code, and any ambiguities herein will be interpreted to maintain such exemption. In furtherance of the foregoing and notwithstanding any other provision in the Plan to the contrary, if the Committee determines that an Option granted under the Plan may be subject to Section 409A of the Code or that any provision of the Plan would cause an Option under the Plan to be subject to Section 409A of the Code, the Committee may amend the terms of the Plan and/or of an outstanding Option granted under the Plan, or take such other action that the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding Option or future Option that may be granted under the Plan from or to allow any such options to comply with Section 409A of the Code. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the Option to purchase Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto. The Company makes no representation that any Option to purchase Stock under the Plan is exempt from or compliant with Section 409A of the Code.

Section 18.16 No Liability; Indemnification. No member of the Board or the Committee, nor any officer or Employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board and the Committee, each officer of the Company, and each Employee of the Company acting on behalf o the Board or the Committee shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action determination, or interpretation to the fullest extent provided by law. Except to the extent required by any unwaiveable requirement under applicable law, no member of the Board or the Committee (and no Subsidiary) shall have any duties or liabilities, including without limitation any fiduciary duties, to any Participant (or any person claiming by and through any Participant) as a result of this Plan, or any Claim arising hereunder and, to the fullest extent permitted under applicable law, each Participant (as consideration for receiving and accepting participation in the Plan) irrevocably waives and releases any right or opportunity such Participant might have to assert (or participate or cooperate in) any Claim against any member of the Board or the Committee and any Subsidiary arising out of this Plan. The termination of any such civil or criminal action or proceeding or the disposition of any such claim or demand, by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such member of the Board or Committee did not act (i) in good faith and (ii) for a purpose which such member reasonably believed to be in accordance with the intent of this Plan. Nothing herein shall be deemed to supersede or conflict with any agreement between a member of the Board or the Committee and the Company regarding the Company's obligations to indemnify such member from and against certain liabilities arising from the performance of the member's duties. Any such agreement shall govern any inconsistencies with this Section 18.16.

Section 18.17 Severability. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

Section 18.18 Headings. The headings of sections herein are included solely for convenience and shall not affect the meaning of any of the provisions of the Plan.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this instrument to be executed as of April 18, 2019.

WINGSTOP INC.

By: /s/ Michael J. Skipworth
Name: Michael J. Skipworth
Title: Executive Vice President,
Chief Financial Officer

SIGNATURE PAGE TO THE
WINGSTOP INC. EMPLOYEE STOCK PURCHASE PLAN

Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles R. Morrison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wingstop Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

By: /s/ Charles R. Morrison

Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Skipworth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wingstop Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

By: /s/ Michael J. Skipworth

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended March 30, 2019 of Wingstop Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles R. Morrison, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

By: /s/ Charles R. Morrison

Chairman and Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended March 30, 2019 of Wingstop Inc. (the "Company”), as filed with the Securities and Exchange Commission on the date hereof (the "Report”), I, Michael J. Skipworth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

By: /s/ Michael J. Skipworth

Chief Financial Officer

(Principal Financial and Accounting Officer)