Wingstop Inc.
Form S-1
February 25, 2016
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As filed with the Securities and Exchange Commission on February 25, 2016

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WINGSTOP INC.

(Exact name of registrant as specified in its charter)

Delaware	**5812**	**47-3494862**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification No.)**

5501 LBJ Freeway, 5th Floor,

Dallas, Texas 75240

(972) 686-6500

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Charles R. Morrison

President and Chief Executive Officer

Wingstop Inc.

5501 LBJ Freeway, 5th Floor,

Dallas, Texas 75240

(972) 686-6500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

Larger accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share(2)**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Common Stock, par value $0.01 per share	5,750,000	$22.55	$129,662,500	$13,057.02

(1)

Includes the additional shares of common stock that may be sold if the underwriters exercise their option to purchase additional shares. See Underwriters.

(2) Estimated solely for the purpose of calculating the registration fee. In accordance with Rule 457(c) under the Securities Act of 1933, as amended, the price shown is the average of the high and low selling price of the common stock on February 19, 2016, as reported on The Nasdaq Global Select Market.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued February 25, 2016

5,000,000 shares

Common stock

The selling stockholders identified in this prospectus are offering all of the shares of common stock. We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

Our common stock is listed on The Nasdaq Global Select Market, or Nasdaq, under the symbol WING. The last reported sale price of our common stock on Nasdaq on February 24, 2016, was $22.69 per share.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and are subject to reduced public company reporting requirements. See Prospectus Summary Emerging Growth Company Status.

Investing in our common stock involves risks. See Risk Factors beginning on page 17.

	Price to public	***Underwriting discounts and commissions[(1)]***	***Proceeds, before expenses to the selling stockholders***
Per share	*$*	*$*	*$*

Total	*$*	*$*	*$*

(1) See Underwriters beginning on page 135 for additional information regarding underwriting compensation.
The underwriters may also exercise their option to purchase up to an additional 750,000 shares of common stock from the selling stockholders identified in this prospectus. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock on or about , 2016.

Morgan Stanley *Jefferies* *Baird*
, 2016

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You should rely only on the information contained in this prospectus or in any free-writing prospectus we may specifically authorize to be delivered or made available to you. Neither we, the selling stockholders, nor the underwriters (or any of our or their respective affiliates) authorized anyone to provide you with additional or different information. Neither we, the selling stockholders, nor the underwriters (or any of our or their respective affiliates) take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The selling stockholders and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free-writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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MARKET DATA AND FORECASTS

Unless otherwise indicated, information in this prospectus concerning economic conditions, our industry, our markets and our competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research. The term designated market area, or DMA, refers to a geographic area as defined by Nielsen Media Research Company as a group of counties that make up a particular media market. Technomic, Inc. is a leading restaurant industry consulting and researching firm.

Our estimates are derived from publicly available information released by third-party sources, as well as data from our internal research, and are based on such data and our knowledge of our industry, which we believe to be reasonable. None of the independent industry publications used in this prospectus were prepared on our behalf.

TRADEMARKS AND TRADE NAMES

This prospectus includes our trademarks, such as WING-STOP®; Wing-Stop The Wing Experts; WINGSTOP; THE WING EXPERTS and THE BONELESS WING EXPERTS, which are protected under applicable intellectual property laws and are the property of Wingstop Inc. or its subsidiaries. Solely for convenience, trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names. This prospectus may also contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners.

BASIS OF PRESENTATION

Except where the context otherwise requires or where otherwise indicated, the terms Wingstop, we, us, our, our company and our business refer collectively to Wingstop Inc. and its consolidated subsidiaries. Wingstop Restaurants Inc. is an indirect wholly owned subsidiary of Wingstop Inc. and is the franchisor of all Wingstop franchised restaurants and the lessee, owner and operator of all company-owned restaurants. Accordingly, any references to Wingstop, we, us, our, our company or our business in the context of domestic and international franchising a domestic and international franchised restaurants and the leasing, ownership or operations of company-owned restaurants should be read as a reference to Wingstop Restaurants Inc. The term selling stockholders refers to the entities and individuals named herein that intend to sell shares in this offering. RC II WS LLC, a Georgia limited liability company, or RC II WS, is our majority stockholder.

Throughout this prospectus, we provide a number of key performance indicators used by management and typically used by our competitors in the restaurant industry, including same store sales, system-wide sales and average unit volume. Same store sales reflect the change in year-over-year sales for the same store base, which includes restaurants open for at least 52 weeks. System-wide sales include restaurant net sales at all company-owned restaurants and at all franchised restaurants, as 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 range from 5.0% to 6.0% of gross sales net of discounts. Average unit volume, or 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. In this prospectus, we provide AUV for domestic restaurants and company-owned restaurants. Domestic AUV includes revenue from both company-owned and franchised restaurants, which are not owned by us. Unless otherwise indicated, references to domestic same store sales and domestic AUV include both domestic franchised restaurants and domestic company-owned restaurants. These and other key performance indicators are discussed in more detail in the section entitled Management s

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Discussion and Analysis of Financial Condition and Results of Operations Key Performance Indicators. In this prospectus, we also reference EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. See Prospectus Summary Selected Historical Consolidated Financial and Other Data for a discussion of EBITDA and Adjusted EBITDA, as well as a reconciliation of those measures to net income, the most directly comparable financial measure required by, or presented in accordance with, generally accepted accounting principles in the United States, or U.S. GAAP.

Our fiscal year ends on the last Saturday of each calendar year. Our most recent fiscal year ended on December 26, 2015. Fiscal years 2015, 2014, 2013 and 2012 were 52-week years, fiscal year 2011 was a 53-week year and fiscal year 2016 is a 53-week year. References to fiscal years 2014, 2013 and 2012 and references to 2014, 2013 and 2012 are references to the fiscal years ended December 27, 2014, December 28, 2013 and December 29, 2012, respectively. Our fiscal quarters are comprised of 13 weeks each, except for 53-week fiscal years for which the fourth quarter will be comprised of 14 weeks, and end on the 13th Saturday of each quarter (14th Saturday of the fourth quarter, when applicable). For purposes of same store sales and AUV calculations in 53-week fiscal years, we do not include the 53rd week of the fiscal year.

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PROSPECTUS SUMMARY

This summary highlights significant aspects of our business and this offering that appear later in this prospectus, but it is not complete and does not contain all of the information that you should consider before making your investment decision. You should read carefully the entire prospectus, especially the information set forth under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

OVERVIEW

#TheWingExperts

Wingstop is a high-growth franchisor and operator of restaurants that specialize in cooked-to-order, hand-sauced and tossed chicken wings. Founded in 1994 in Garland, Texas, we believe we pioneered the concept of wings as a center-of-the-plate item for all of our meal occasions. We offer our guests 11 bold, distinctive and craveable flavors on our bone-in and boneless chicken wings paired with hand-cut, seasoned fries and sides made fresh daily. Our menu is highly customizable for different dining occasions, and we believe it delivers a compelling value proposition for groups, families, and individuals. Our average transaction size in the thirty-nine week period ended September 26, 2015 was $16.29, as a result of our large, value-oriented family packs, as well as meals for two and individual combo meals, which start at approximately $8. Additionally, carry-out orders constituted approximately 75% of our sales during the same time period. Our concept has received numerous accolades, including recognition in 2014 as the Best Chicken Wings in the U.S. by *Food and Wine*, the #3 Fastest-Growing Chain by *Nation s Restaurant News*, and the Best Franchise Deal in North America by *QSR Magazine*.

We are the largest fast casual chicken wings-focused restaurant chain in the world, and have demonstrated strong, consistent growth on a national scale. We have sold approximately 4 billion wings over the last 20 years, as we grew to 807 restaurants across 39 states and 7 countries, as of September 26, 2015. Wings are our center-of-the-plate specialty. While other concepts include wings as add-on menu items or focus on wings in a bar or sports-centric setting, we are singularly focused on wings, fries and sides, which generate approximately 90% of our sales. 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. Increasing customer loyalty and brand awareness have enabled us to deliver positive domestic same store sales for 11 consecutive years through 2014, while growing our restaurant count at a 15.3% compound annual growth rate, or CAGR, over the same timeframe.

As of September 26, 2015, our restaurant base was 98% franchised, with 788 franchised locations (including 51 international locations) and 19 company-owned restaurants. We believe our simple and efficient restaurant operating model, low initial cash investment and compelling restaurant economics help drive continued system growth through both existing and new franchisees. Our wings, fries, sides, repeat restaurant operating model requires few ingredients and easy preparation within a small, flexible real estate footprint. We believe we offer an attractive investment opportunity for our franchisees as evidenced by our domestic average sales-to-investment ratio of 3.0x during the twelve months ended September 26, 2015, and the 54.9% increase in domestic restaurant count since the end of 2011. We believe our asset-light, highly-franchised business model generates strong operating margins and requires low capital expenditures, creating shareholder value through strong and consistent free cash flow and capital-efficient growth.

#ExceptionalFinancialPerformance

We believe our bold flavors, compelling value proposition, strong base of franchisees, growing brand awareness and focused development strategy drive strong operating results, as illustrated by the following:

Domestic restaurant count has increased 54.9% since the end of 2011, with the pace of restaurant openings increasing each year;

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We have grown domestic same store sales 11 consecutive years through 2014, which includes three year cumulative domestic same store sales growth of 36.2% since 2011 and for the thirty-nine weeks ended September 26, 2015 we have had domestic same store sales growth of 8.7%; and

On a year-over-year basis, for fiscal year 2014, our total revenue increased by 14.3% to $67.4 million, our Adjusted EBITDA increased by 25.0% to $24.4 million, our Adjusted EBITDA margin increased 310 basis points to 36.1%, and our net income increased by 19.3% to $9.0 million. For the thirty-nine weeks ended September 26, 2015 compared to the same period in 2014, our total revenue increased by 16.2% to $57.4 million, our Adjusted EBITDA increased by 13.0% to $21.0 million, with an Adjusted EBITDA margin of 36.6%, and our net income was $6.3 million compared to $7.5 million. For a reconciliation of Adjusted EBITDA, a non-GAAP metric, to net income, see Summary Historical Consolidated Financial and Other Data.

The graphs below highlight the consistency of our exceptional performance and growth across our key metrics, including restaurant expansion and system-wide sales, domestic same store sales and domestic AUV. Each of the graphs below include information regarding franchised restaurants and company-owned restaurants.

(1) The percentage of system-wide sales attributable to company-owned restaurants for the fiscal years ended December 31, 2011, December 29, 2012, December 28, 2013 and December 27, 2014 and the 52-week trailing period ended September 26, 2015 was 6.0%, 5.8%, 5.2%, 4.3% and 3.9%, respectively. The remainder was generated by franchised restaurants, as reported by our franchisees. Our total revenue during the fiscal years ended December 31, 2011, December 29, 2012, December 28, 2013 and December 27, 2014 and the 52-week trailing period ended September 26, 2015 was $46.1 million, $51.6 million, $59.0 million, $67.4 million and $75.4 million, respectively.

(2) System-wide sales growth and domestic AUV is calculated using the 52-week trailing period.

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OUR STRENGTHS

#UnleashTheFlavor

Wingstop is the destination when our guests crave fresh, cooked-to-order wings with bold, layered flavors that touch all of the senses. People who prioritize flavor prioritize Wingstop because it is more than a meal, it is a flavor experience. We speak in bold, distinctive and craveable flavors. Our dialect is our 11 proprietary flavors, presented here in order from most spicy to least:

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Our diverse flavor offerings allow our guests to customize their experience. All of our wings are cooked-to-order, hand-sauced and tossed and served fresh to our guests for dine-in or carry-out. We never use heat lamps or microwaves in the preparation of our food. To complement our wings, we serve hand-cut, freshly-prepared seasoned fries, crafted from carefully-selected whole Russet potatoes. We complete the flavor experience with fresh carrots and celery and ranch and bleu cheese dips made from buttermilk in-house daily, as well as freshly-prepared side items, including coleslaw, bourbon baked beans, potato salad and freshly-baked yeast rolls. We believe our bold and distinctive flavors leave our guests craving more and create a differentiated and tailor-made flavor experience that drives repeat business and brand loyalty.

Our customizable menu and craveable flavors drive demand across multiple day-parts and occasions. Our 11 flavors, signature fries, freshly-prepared sides and numerous order options (eat-in / to go, individual / combo meals / family packs) allow guests to eat Wingstop during any occasion, whether it is a quick carry-out snack, dine-in dinner with friends or picking up a party size order for their favorite sporting event. Since our inception, we have received numerous accolades from both consumers and industry-leading publications for the quality of our food offering and strong brand appeal, including:

- Best Chicken Wings in the U.S., *Food and Wine* (2014); and

- Best Menu Variety and Best Craveability, *Nation s Restaurant News* (2014).

#CompellingUnitEconomics

We believe the growing popularity of the Wingstop experience and the operational simplicity of our restaurants translate into attractive economics at our franchised and company-owned locations. Our compelling franchisee investment opportunity has been recognized across the industry, including by *QSR magazine*, which in 2014 named us The Best Franchise Deal in North America amongst fast casual and QSR brands. Additionally, existing franchisees accounted for approximately 69% of franchised restaurants opened in 2013 and 2014, which we believe further underscores our restaurant model s financial appeal.

Our restaurants do not generally experience a honeymoon period of higher sales upon opening, but instead typically build year over year. Our domestic AUV has grown consistently, achieving $1.12 million during the 52-week period ended September 26, 2015. In addition, new restaurant sales volumes in the first year of operation have improved 43% since 2006, with the 2013 new restaurants openings averaging approximately $820,000 during their first 52 weeks of operations, accelerating our franchisees return on investment. Our restaurants are approximately 1,700 square feet on average and yield average sales per square foot of $631 based on 2014 domestic AUV due to the high average domestic carry-out mix of 75% in 2014. Our operational simplicity results in low labor costs, further improving the profitability of our concept. Our operating model targets a low average estimated initial investment of approximately $370,000, excluding real estate purchase or lease costs and pre-opening expenses. In year two of operation, we believe that, on average, our franchisees can achieve an unlevered cash-on-cash return, which is defined as restaurant-level operating profit after royalties and advertising fund contributions, divided by initial investment costs, of approximately 35% to 40%. We believe low entry costs and high returns provide a compelling investment opportunity for our franchisees that has helped drive the continued growth of our system.

#ProvenPortability

Our concept is successful across the United States, with restaurants operating in 39 states across varying geographic regions, population densities and real estate settings. We have had positive same store sales growth across a wide variety of major markets over the last three years, including Dallas / Ft. Worth, Los Angeles, the San Francisco Bay area, Houston, San Antonio, Miami, Denver, Sacramento and Memphis. Broad appeal and the simplicity of our restaurant operating model have supported our success across the country. While our concept has succeeded in a variety of real estate formats and locations, our preferred real estate site is an in-line or end-cap retail strip center location available in most shopping centers. The flexibility of our real estate model coupled

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with the broad appeal of our food has enabled us and our franchisees to locate profitable restaurants in both urban and suburban areas throughout the country. Accordingly, we believe our concept is well-positioned for continued system growth in both existing and new markets.

#SocialEngagement

We believe we have developed a broad, loyal and diverse guest base which is attracted to Wingstop by the unique flavor experience, product quality, brand personality and the convivial nature of eating wings. While we appeal to a broad demographic, we have been particularly successful at actively engaging the coveted Millennial consumer. Millennials leverage technology via smartphones and social media to connect with each other, search out dining experiences and voice their opinions, and we engage them on all of these fronts. We take pride in connecting with our guests, both inside and outside of our restaurants.

We believe much of our growth is attributable to our focus on meaningful consumer engagement, fueled by social media. We actively engage our core audience in conversation through key social media channels, which in turn drives our editorial calendar and advertising content. As of September 26, 2015, we had 1,066,638 Facebook followers, 119,867 Twitter followers and 49,710 Instagram followers, representing year-over-year growth of 100%, 73% and 234%, respectively. According to a report published by *Forbes* in November 2014, 30% of our almost 1 million followers across all social media platforms engage with our content over a period of 30 days, compared to an average 3% for the top 25 restaurants in social media cited in the same study. Our social game is just as strong as our wing game and we believe that this continues to inspire brand loyalty and repeat visits to our restaurants.

#StrengthInNumbers

We have demonstrated a consistent track record of strong financial performance:

- Domestic same store sales increased 13.8% in 2012, 9.9% in 2013 and 12.5% in 2014, representing three year cumulative domestic same store sales growth of 36.2% since 2011. For the thirty-nine weeks ended September 26, 2015, we have had domestic same store sales growth of 8.7%;

- Our domestic same store sales growth is even more meaningful given that we have had 11 consecutive years of positive same store sales through 2014 as well as the thirty-nine weeks ended September 26, 2015;

- From 2012 to 2014, our system-wide sales increased from $457 million to $679 million, which represents growth of 48.4% over the period, and for the thirty-nine week period ended September 26, 2015 compared to the same period in the prior year our system-wide sales increased 21.5% from $497 million to $604 million;

- Total revenue increased from $51.6 million in 2012, to $59.0 million in 2013, to $67.4 million in 2014, our Adjusted EBITDA increased from $15.6 million, to $19.5 million, to $24.4 million, respectively, and our net income grew from $3.6 million, to $7.5 million, to $9.0 million, respectively;

For the thirty-nine weeks ended September 26, 2015 compared to the same period in 2014, total revenue increased from $49.4 million to $57.4 million, our Adjusted EBITDA increased by 13.0% to $21.0 million, with an Adjusted EBITDA margin of 36.6%, and our net income was $6.3 million compared to $7.5 million; and

Our Adjusted EBITDA margin increased from 30.3% in 2012, to 33.0% in 2013, to 36.1% in 2014, to 36.6% in the thirty-nine weeks ended September 26, 2015, while our capital expenditures were 3.1%, 3.6%, 2.2% and 2.3% of revenue, respectively, leading to high cash flow conversion.

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#OurCrew

Our strategic vision and results-driven culture are directed by our executive management team under the leadership of our President and Chief Executive Officer, Charlie Morrison. Charlie joined Wingstop in 2012, bringing more than 20 years of experience in the restaurant and multi-unit retail industry, including leadership positions at Pizza Hut, Boston Market, Kinko s, Steak & Ale and, most recently, Rave Restaurant Group, where he served as Chief Executive Officer and led the creation of the award winning Pie Five restaurant concept. At the 2015 Nation s Restaurant News Multi-Unit Foodservice Operators conference, Charlie was recognized as a 2015 Golden Chain Winner for his outstanding leadership. Charlie is supported by a strong executive team with significant retail and restaurant experience. Bill Engen, our Chief Operating Officer, previously was the Senior Vice President of Eastern Operations at 7-Eleven, overseeing approximately 4,000 stores. Our Chief Financial Officer, Mike Mravle, came to us from Bloomin Brands, where he was the Chief Financial Officer of the U.S. segment. Heading up our marketing efforts is Flynn Dekker, who has over 20 years of experience and was previously the Chief Marketing Officer of Fogo de Chao and Rave Restaurant Group. Dave Vernon, our Chief Development Officer, joined us from Sonic Corporation, where he was Vice President of Franchise Sales, and brings 25 years of experience in the restaurant industry to oversee our franchise development efforts. Our newest member, Larry Kruguer, President of International, joined us in June 2015 from Wendy s International, where he served as Vice President, International Joint Ventures. Jay Young, our General Counsel, joined us from CEC Entertainment Inc., the parent company of Chuck E. Cheese, where he was Senior Vice President and General Counsel. Completing our executive team is Stacy Peterson, our Chief Information Officer, who has over 15 years of information technology experience at multi-unit retailers, including Blockbuster and Kinko s. We believe our management team is a key driver of our success and positions us well for long-term growth.

OUR GROWTH STRATEGY

#SpreadOurWings

We believe that there is significant opportunity to expand in the United States, and we intend to focus our efforts on increasing our geographic penetration in both existing and new markets. We believe our highly-franchised model positions us for continued strong unit growth over the medium and long-term. We expect high franchisee demand for our brand, supported by compelling unit economics, operational simplicity, low entry costs and flexible real estate profile, to drive domestic restaurant growth. Based on our internal analysis, we believe there is opportunity for our brand to grow to approximately 2,500 restaurants across the United States.

We intend to achieve our domestic restaurant potential by expanding in our existing markets, where we believe we have the opportunity to more than double our current restaurant count. In addition, we will continue to expand into new markets. Our inside out domestic market expansion strategy focuses our initial development in urban centers where our core demographic is most densely populated and then builds outward into suburban areas as our brand awareness grows in the market. We have a robust domestic development pipeline including 490 total commitments to open new franchised restaurants as of September 26, 2015. Approximately 74% of our current domestic commitments are from existing franchisees, supporting the attractiveness of our restaurant business model as well as our positive franchisor / franchisee relationships. We believe that our highly-franchised business model provides a platform for continued growth as it allows us to focus on our core strengths of flavor innovation, marketing and guest engagement, and franchisee selection and support, while growing our restaurant presence and brand recognition with limited capital investment by us. We also believe that there is significant international growth opportunity. We opened our first international location in Mexico in 2009. As of September 26, 2015, we had 51 international restaurants located in Indonesia, Mexico, the Philippines, Russia, United Arab Emirates and Singapore, all of which were franchised. In the thirty-nine weeks ended September 26, 2015, we opened 15 international locations. We believe we have a restaurant operating model that is flexible and can adapt to local economic, consumer and operating preferences. Depending on the individual market profile,

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we are able to enter with a restaurant operating model similar to our domestic fast casual concept, or use a casual dining, sports-themed restaurant. This flexible approach, along with the universal and broad appeal of chicken and our ability to customize our wide variety of flavors to local tastes, positions us for significant international growth opportunity.

#KeepItGrowing

Flavor Innovation

We plan to leverage flavor innovation to drive restaurant traffic and social media engagement. We do not have limited time offers; instead, we have limited time flavor events that pique our guests interest and drive frequency of visit. We approach additions to our menu as a conversation between us and our guests and make changes only after intense scrutiny in our test kitchen. For example, our Mango Habanero flavor was introduced as a limited time flavor event. When the flavor event ended, overwhelming demand from our highly-engaged social following to bring it back influenced us to return it to the menu as a permanent flavor. We do not believe in off-the-shelf flavors and are careful not to crowd the menu with too many flavors or any flavors the development of which has not received the attention and care that our guests expect. We anticipate that our powerful and selective flavor innovation will continue to drive domestic same store sales growth.

Improve Efficiency to Drive Sales

We are making focused investments in technology and restaurant design to increase the efficiency of our model and drive increased revenue. We are in the process of rolling out a single integrated point-of-sale system, or POS system. We also launched an updated online ordering system and mobile ordering application, or app, in 2014, that simplifies the ordering process and integrates into our POS system, uniting online and register ordering across our system for the first time. We believe that we can continue to grow sales through integration of orders through our website and app. As an example, since the implementation of our new online ordering platform and app in September 2014, online ordering increased from less than 7% of sales during the nine months preceding the launch of the new online ordering platform and app to approximately 14% of sales during the third quarter of 2015. Additionally, average transaction size for online orders is approximately $4 higher than the average for all other orders. As guests ordering preferences continue to shift online, we will implement a new front counter design in our existing and new restaurants, creating a dedicated queuing area for guests to efficiently pick up their prepaid online orders.

Grow Brand Awareness

We believe our strong domestic same store sales growth has been supported by growing brand awareness as our concept has expanded. Franchisees in our 13 most penetrated markets have formed advertising co-ops at our direction to leverage their collective local marketing spend to buy traditional and digital media more efficiently. As our restaurant base continues to grow and we further penetrate existing and new markets, we expect to add more advertising co-ops in markets where efficient media purchasing can be achieved. Over time, we believe increased marketing funds contributed to our ad fund, driven by unit growth and increased contribution rates, combined with local co-op spending will yield sufficient funds to efficiently purchase traditional and digital media nationally to further expand our brand recognition.

Leverage Social Media

We expect that our advertising will become more cost-effective and drive system-wide revenue more efficiently as we grow in scale and further increase our use of social media to activate interest from our guests. We believe social media is a cost-effective way of targeting existing and new guests, as we do not have to

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purchase as much advertising through more expensive forms of traditional media. Furthermore, we believe that our strong and growing social media presence will drive more orders through our online portals.

#CreateShareholderValue

We expect our asset-light, highly-franchised business model to generate strong operating margins and consistent free cash flow as a result of low capital expenditures and working capital needs. As we execute our growth strategy, we believe we will continue to grow revenue and leverage our cost infrastructure, generating continued earnings growth and strong free cash flow, which will create additional equity value for our shareholders.

CORPORATE INFORMATION AND INITIAL PUBLIC OFFERING

The first Wingstop restaurant opened in July 1994. Our operating company, Wingstop Restaurants Inc., was incorporated in November 1996 and began offering franchises for Wingstop restaurants in May 1997. The first franchised restaurant opened in April 1998. On April 9, 2010, Wingstop Holdings, Inc., the holding company for Wingstop Restaurants Inc., was acquired by Wing Stop Holding Corporation. Wingstop Inc. was incorporated in Delaware on March 18, 2015, as a wholly owned subsidiary of Wing Stop Holding Corporation. On May 28, 2015, Wing Stop Holding Corporation merged with and into Wingstop Inc., with Wingstop Inc. as the surviving corporation in the merger. As of September 26, 2015, we were the franchisor of 788 restaurants and owned and operated 19 restaurants for a total of 807 system-wide restaurants in 39 states and 7 countries.

Our principal executive offices are located at 5501 LBJ Freeway, 5th Floor, Dallas, Texas 75240, and our telephone number at that address is (972) 686-6500. Our website is located at www.wingstop.com. Our website, and the information on our website, is neither part of this prospectus nor incorporated by reference herein.

On June 17, 2015, we completed our initial public offering of 6,670,000 shares of our common stock at a public offering price of $19 per share, which included 870,000 shares issued pursuant to the underwriters option to purchase additional shares of our common stock. In the offering, we sold 2,150,000 shares and certain selling shareholders sold 4,520,000 shares. We received $34.7 million in net proceeds, net of underwriting discounts, commissions and offering expenses, which we used to repay an aggregate amount of $31.4 million of outstanding indebtedness under our senior secured credit facility and to pay an aggregate amount of $3.3 million in connection with the termination of our management agreement with Roark Capital Management, LLC, or Roark Capital Management. We did not receive any of the proceeds from the sale of shares by the selling stockholders.

RISK FACTORS

Investing in our common stock involves substantial risk, and our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with our industry. Any of the risks set forth in this prospectus under the heading Risk Factors may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth in this prospectus under the heading Risk Factors in deciding whether to invest in our common stock. The following is a summary of some of the principal risks we face:

- if we fail to successfully implement our growth strategy, which includes opening new domestic and international restaurants, our ability to increase our revenue and operating profits could be adversely affected;

our financial results are affected by the operating results of our and our franchisees existing restaurants;

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- our results of operations and growth strategy depend in significant part on the success of our franchisees, and we are subject to a variety of additional risks associated with our franchisees;

- if we fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new franchise restaurants and increase our revenue could be materially adversely affected;

- our franchisees could take actions that could harm our business;

- interruptions in the supply of product to company-owned restaurants and franchisees could adversely affect our revenue;

- our success depends on our ability to compete with many other restaurants;

- reliance on past increases in our domestic same store sales or our average weekly sales as an indication of our future results of operations;

- our quarterly operating results may fluctuate significantly, resulting in a decline in our stock price; and

- expansion into new markets presents increased risks.

EMERGING GROWTH COMPANY STATUS

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, which permits us to elect not to be subject to certain disclosure and other requirements that otherwise would have been applicable to us had we not been an emerging growth company. These provisions include:

- only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced Management s Discussion and Analysis of Financial Condition and Results of Operations disclosure in this prospectus;

- reduced disclosure about our executive compensation arrangements;

- no requirement for non-binding advisory votes on executive compensation or golden parachute arrangements; and

- exemption from the auditor attestation requirement in the assessment of our internal controls over financial reporting.

We may take advantage of these exemptions for up to five years from our initial public offering or such earlier time as we are no longer an emerging growth company. We will qualify as an emerging growth company until the earliest of (1) December 26, 2020, which is the last day of our fiscal year following the fifth anniversary of the date of completion of our initial public offering, (2) the last day of our fiscal year in which we have annual gross revenue of $1.0 billion or more, (3) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt, and (4) the last day of the fiscal year in which we become a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under this definition, we will be an emerging growth company upon completion of this offering and could remain an emerging growth company until as late as December 26, 2020.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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PRINCIPAL STOCKHOLDER

Roark Capital Partners II, LP and Roark Capital Partners Parallel II, LP, which we refer to in this prospectus, along with RC II WS (but excluding us and other companies that they own as a result of their investment activity), as Roark, are part of an Atlanta-based private equity firm with over $6 billion in equity capital commitments raised since inception. Roark and its affiliates invest primarily in consumer, business and environmental service companies with a specialization around franchised and multi-unit business models in the retail, restaurant and consumer services sectors. Immediately prior to this offering, Roark beneficially owned 66.9% of our outstanding common stock, and Roark will beneficially own approximately % of our common stock immediately following consummation of this offering, or % if the underwriters exercise in full their option to purchase additional shares of common stock. Because Roark will own less than 50% of the total voting power of our common stock, we will no longer be a controlled company within the meaning of Nasdaq listing standards upon completion of this offering. However, during the phase-in period we may continue to rely on exemptions from certain corporate governance requirements. Roark will also continue to be able to have a significant effect over fundamental and significant corporate matters and transactions as a result of their significant ownership and voting power with respect to our common stock. For example, three of the seven members of our board of directors are employees of Roark Capital Management, which is an affiliate of Roark, and our amended and restated certificate of incorporation provides that the doctrine of corporate opportunity does not apply against Roark, or any of our directors who are employees of or affiliated with Roark. Accordingly, the interests of Roark may supersede ours, causing it or its affiliates to compete against us or to pursue opportunities instead of us, for which we have no recourse. See Risk Factors Risks Related to this Offering and Ownership of our Common Stock.

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THE OFFERING

Common stock offered by the selling stockholders	5,000,000 shares (or 5,750,000 shares if the underwriters option to purchase additional shares from the selling stockholders identified in this prospectus is exercised in full).
Common stock to be outstanding immediately after this offering	28,584,452 shares.
Underwriters option to purchase additional shares of common stock	The underwriters may also exercise their option to purchase up to an additional 750,000 shares of common stock from the selling stockholders identified in this prospectus. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders. See Use of Proceeds.
Dividend policy	We currently expect to retain all future earnings, if any, for use in the operation and expansion of our business and repayment of debt; therefore, we do not anticipate paying cash dividends on our common stock in the foreseeable future. See Dividend Policy below.
Risk factors	You should carefully read and consider the information set forth under the heading Risk Factors of this prospectus and all other information set forth in this prospectus before investing in our common stock.
Nasdaq ticker symbol	WING

As of February 22, 2016, 28,584,452 shares of our common stock are outstanding. Unless otherwise indicated, all information in this prospectus relating to the number of shares of common stock that will be outstanding following this offering:

- excludes, as of September 26, 2015, 1,180,192 shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $4.50 per share; and

- excludes 2,090,957 shares reserved for future issuance under our new equity compensation plan.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table provides a summary of our historical and unaudited consolidated financial and operating data for the periods and as of the dates indicated. We derived the financial information for the thirty-nine weeks ended September 26, 2015 and September 27, 2014 from our unaudited consolidated financial statements, which are included elsewhere in this prospectus. We derived the financial information for the fiscal years ended December 27, 2014, December 28, 2013 and December 29, 2012 from our audited consolidated financial statements, which are included elsewhere in this prospectus.

Wingstop utilizes a 52- or 53-week fiscal year that ends on the last Saturday of the calendar year. The fiscal years ended December 27, 2014, December 28, 2013 and December 29, 2012 included 52 weeks. The first three quarters of our fiscal year consist of 13 weeks and our fourth quarter consists of 13 weeks for 52-week fiscal years and 14 weeks for 53-week fiscal years.

The historical results presented below are not necessarily indicative of the results to be expected for any future period. This information should be read in conjunction with Risk Factors, Selected Historical Consolidated Financial and Other Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and each of their related notes included elsewhere in this prospectus.

(in thousands)	Thirty-nine weeks ended September 26, 2015	September 27, 2014	Year ended December 27, 2014	December 28, 2013	December 29, 2012
Consolidated Statements of Operations Data:					
Revenue:					
Royalty revenue and franchise fees	$ 34,144	$ 27,287	$ 38,032	$ 30,202	$ 25,057
Company-owned restaurant sales	23,248	22,105	29,417	28,797	26,534
Total revenue	57,392	49,392	67,449	58,999	51,591
Cost and expenses:					
Cost of sales	16,580	15,161	20,473	22,176	21,262
Selling, general and administrative	25,658	17,156	26,006	18,913	15,896
Depreciation and amortization	1,944	2,232	2,904	3,030	2,930
Earn-out obligation					2,500
Total costs and expenses	44,182	34,549	49,383	44,119	42,588
Operating income	13,210	14,843	18,066	14,880	9,003
Interest expense, net	2,764	2,871	3,684	2,863	2,431
Other (income) expense, net	382	61	84	(6)	(8)
Income before income tax expense	10,064	11,911	14,298	12,023	6,580
Income tax expense	3,753	4,426	5,312	4,493	3,000
Net income	$ 6,311	$ 7,485	$ 8,986	$ 7,530	$ 3,580

Consolidated Statement of Cash Flows Data:					
Net cash provided by operating activities	$ 7,881	$ 10,498	$ 14,370	$ 10,906	$ 10,421
Net cash provided by (used in) investing activities	(1,329)	178	(363)	(2,144)	(1,447)
Net cash provided by (used in) financing activities	(10,558)	(6,701)	(7,457)	(9,842)	(6,902)
Net increase (decrease) in cash and cash equivalents	$ (4,006)	$ 3,975	$ 6,550	$ (1,080)	$ 2,072

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(in thousands, except share, per share and unit data)	Thirty-nine weeks ended September 26, 2015	September 27, 2014	Year ended December 27, 2014	December 28, 2013	December 29, 2012
Per Share Data:					
Earnings per share:					
Basic	$ 0.23	$ 0.29	$ 0.35	$ 0.30	$ 0.14
Diluted	0.23	0.29	0.34	0.29	0.14
Weighted average shares outstanding:					
Basic	27,135	25,788	25,846	25,168	24,746
Diluted	27,438	26,128	26,204	25,648	25,338
Selected Other Data(1):					
Number of system-wide restaurants open at end of period	807	678	712	614	546
Number of domestic company restaurants open at end of period	19	19	19	24	23
Number of domestic franchised restaurants open at end of period	737	628	652	569	510
Number of international franchised restaurants open at end of period	51	31	41	21	13
System-wide sales(2)	$ 603,666	$ 496,781	$ 678,771	$ 549,904	$ 457,315
Domestic restaurant AUV(3)	$ 1,122	$ 1,053	$ 1,073	$ 974	$ 902
Company-owned domestic AUV(3)	$ 1,610	$ 1,455	$ 1,504	$ 1,206	$ 1,126
Number of restaurants opened (during period)	102	69	102	74	57
Number of restaurants closed (during period)	7	5	4	6	10
Company-owned restaurants refranchised (during period)		5	5		1
EBITDA(4)	$ 14,772	$ 17,014	$ 20,886	$ 17,916	$ 11,941
Adjusted EBITDA(4)	$ 20,984	$ 18,564	$ 24,378	$ 19,495	$ 15,615
Adjusted EBITDA margin(5)	36.6%	37.6%	36.1%	33.0%	30.3%
Same Store Sales Data(6):					
Domestic same store base (end of period)	645	569	589	527	482
Change in domestic same store sales	8.7%	12.5%	12.5%	9.9%	13.8%

(in thousands)	As of September 26, 2015 (unaudited)
Consolidated Balance Sheet Data:	
Cash and cash equivalents	$ 5,717
Total assets	117,186
Total long-term debt (including current portion)	95,500
Total stockholders equity (deficit)	(14,304)

(1) See the definitions of key performance indicators under Management s Discussion and Analysis of Financial Condition and Results of Operations Key Performance Indicators.

(2) The percentage of system-wide sales attributable to company-owned restaurants was 3.9% and 4.4% for the thirty-nine weeks ended September 26, 2015 and September 27, 2014, respectively, and was 4.3%, 5.2% and 5.8% for the fiscal years ended December 27, 2014, December 28, 2013 and December 29, 2012, respectively. The remainder was generated by franchised restaurants, as reported by our franchisees.

(3) Domestic AUV and company-owned domestic AUV are calculated using the 52-week trailing period.

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(4) EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, U.S. GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under U.S. GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with U.S. 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 management fees and expense reimbursement, a management agreement termination fee, transaction costs, gains and losses on the disposal of assets, stock-based compensation expense and earn-out obligation. 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 period over period 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 shares.

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. Items excluded from these non-GAAP measures are significant components in understanding and assessing financial performance. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants such as 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;

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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 U.S. 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, among other items. 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. In addition, Adjusted EBITDA includes adjustments for other items that we do not expect to regularly record following this offering, such as management fees and expense reimbursement. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

The following table reconciles EBITDA and Adjusted EBITDA to the most directly comparable U.S. GAAP financial performance measure, which is net income:

	Thirty-nine weeks ended		Year ended		
(in thousands)	**September 26, 2015**	**September 27, 2014**	**December 27, 2014**	**December 28, 2013**	**December 29, 2012**
Net income	$ 6,311	$ 7,485	$ 8,986	$ 7,530	$ 3,580
Interest expense, net	2,764	2,871	3,684	2,863	2,431
Income tax expense	3,753	4,426	5,312	4,493	3,000
Depreciation and amortization	1,944	2,232	2,904	3,030	2,930
EBITDA	$ 14,772	$ 17,014	$ 20,886	$ 17,916	$ 11,941
Management fees(a)	237	338	449	436	422
Management agreement termination fee(b)	3,297				
Transaction costs(c)	2,186	976	2,169	395	308
Gains and losses on disposal of assets(d)		(86)	(86)		(20)
Stock-based compensation expense(e)	492	322	960	748	464
Earn-out obligation(f)					2,500
Adjusted EBITDA	$ 20,984	$ 18,564	$ 24,378	$ 19,495	$ 15,615

(a) Includes management fees and other out-of-pocket expenses paid to Roark Capital Management.

(b) Represents a one-time fee of $3.3 million that was paid in consideration for the termination of our management agreement with Roark Capital Management during the second quarter of 2015 in connection with our initial public offering. There are no further obligations related to management fees paid to Roark Capital Management.

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(c) Represents costs and expenses related to refinancings of our credit agreement and our initial public offering.
(d) Represents non-cash gains and losses resulting from the sale of company-owned restaurants to a franchisee and associated goodwill impairment.
(e) Includes non-cash, stock-based compensation.
(f) Represents an earn-out payment made to our prior owner based on us achieving revenue benchmarks specified in the acquisition agreement governing our purchase. There are no further obligations related to the earn-out remaining under the acquisition agreement.

(5) Adjusted EBITDA margin is defined as the ratio of Adjusted EBITDA to total revenue. We present Adjusted EBITDA margin because it is used by management as a performance measurement of Adjusted EBITDA generated from total revenue. See footnote 3 above for a discussion of Adjusted EBITDA as a non-GAAP measure and a reconciliation of net income to EBITDA and Adjusted EBITDA.
(6) We define the domestic same store base to include those domestic restaurants open for at least 52 full weeks. Change in domestic same store sales reflects the change in period-over-period sales for the domestic same store base.

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RISK FACTORS

Risks Related to Our Business

If we fail to successfully implement our growth strategy, which includes opening new restaurants, our ability to increase our revenue and operating profits could be adversely affected.

Our growth strategy relies substantially upon new restaurant development by existing and new franchisees. While we believe there is opportunity for our brand to grow to up to approximately 2,500 domestic restaurants over the long term, we do not currently target a specific number of annual new restaurant openings over a multi-year period. Therefore, we cannot predict the time period over which we can achieve this level of domestic restaurant growth or whether we will achieve this level of growth at all. In addition, we and our franchisees face many challenges in opening new restaurants, including:

- availability of financing;
- selection and availability of suitable restaurant locations;
- competition for restaurant sites;
- negotiation of acceptable lease and financing terms;
- securing required governmental permits and approvals;
- consumer tastes in new geographic regions and acceptance of our products;
- employment and training of qualified personnel;
- impact of inclement weather, natural disasters, and other acts of nature;
- general economic and business conditions; and
- the general legal and regulatory landscape in which we and our restaurants operate.

In particular, because the majority of our new restaurant development is funded by franchisee investment, our growth strategy is dependent on our franchisees (or prospective franchisees) ability to access funds to finance such development. We do not provide our franchisees with direct financing and therefore their ability to access borrowed funds generally depends on their independent relationships with various financial institutions. Some of our existing franchisees utilize loans guaranteed by the U.S. Small Business Administration, or SBA, which guarantees loans made by financial institutions to small businesses in the U.S., including franchisees. If SBA guaranteed loans are no longer available to our franchisees (or potential franchisees), their ability to obtain the requisite financing at attractive rates, or at all, could be adversely affected. Moreover, if our franchisees (or prospective franchisees) are not able to obtain financing from any source at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new restaurants, and our future growth could be adversely affected.

To the extent our franchisees are unable to open new restaurants as we anticipate, our revenue growth would come primarily from growth in comparable store sales. Our failure to add a significant number of new restaurants or grow domestic same store sales would adversely affect our ability to increase our revenue and operating income and could materially and adversely harm our business and operating results.

Our business and results of operations depend significantly upon the success of our and our franchisees existing restaurants.

Our business and results of operations are significantly dependent upon the success of our franchisees and our company-owned restaurants. We and our franchisees may be adversely affected by:

- declining economic conditions;

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increased competition in the restaurant industry;

changes in consumer tastes and preferences;

demographic trends;

customers budgeting constraints;

customers willingness to accept menu price increases;

adverse weather conditions;

our reputation and consumer perception of our concepts offerings in terms of quality, price, value and service; and

customers experiences in our restaurants.

Our company-owned restaurants and our franchisees are also susceptible to increases in certain key operating expenses that are either wholly or partially beyond our control, including:

food, particularly bone-in chicken wings, which we do not or cannot effectively hedge;

labor costs, including wage, workers compensation, minimum wage requirements, health care and other benefits expenses;

rent expenses and construction, remodeling, maintenance and other costs under leases for our existing and new restaurants;

compliance costs as a result of changes in legal, regulatory or industry standards;

energy, water and other utility costs;

insurance costs;

information technology and other logistical costs; and

expenses associated with legal proceedings and regulatory compliance.

Our business and results of operations depend in significant part on the future performance of existing and new franchise restaurants, and we are subject to a variety of additional risks associated with our franchisees.

A substantial portion of our revenue comes from royalties generated by our franchised restaurants. We anticipate that franchise royalties will represent a substantial part of our revenue in the future. As of September 26, 2015, we had 280 domestic franchisees operating 737 domestic restaurants and 7 international franchisees operating 51 international restaurants. Our largest franchisee operated 50 restaurants and our top 10 franchisees operated a total of 197 restaurants as of September 26, 2015. Accordingly, we are reliant on the performance of our franchisees in successfully operating their restaurants and paying royalties to us on a timely basis. Our franchise system subjects us to a number of risks, any one of which may impact our ability to collect royalty payments from our franchisees, may harm the goodwill associated with our franchise, and may materially adversely affect our business and results of operations.

Our franchisees are an integral part of our business. We may be unable to successfully implement our growth strategy without the participation of our franchisees. Franchisees may fail to participate in our marketing initiatives, which could materially adversely affect their sales trends, average weekly sales and results of operations. The failure of our franchisees to focus on the fundamentals of restaurant operations, such as quality, service and cleanliness, would have a negative impact on our success. In addition, if our franchisees fail to renew their franchise agreements, our royalty revenue may decrease which in turn could materially and adversely affect our business and operating results. It also may be difficult for us to monitor our international franchisees implementation of our growth strategy due to our lack of personnel in the markets served by such franchisees.

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Furthermore, a bankruptcy of any multi-unit franchisee could negatively impact our ability to collect payments due under such franchisee s franchise agreements. In a franchisee bankruptcy, the bankruptcy trustee may reject its franchise agreements pursuant to Section 365 under the United States bankruptcy code, in which case there would be no further royalty payments from such franchisee. There can be no assurance as to the proceeds, if any, that may ultimately be recovered in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection.

If we fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new franchised restaurants and increase our revenue could be materially adversely affected.

The opening of additional franchised restaurants depends, in part, upon the availability of prospective franchisees who meet our criteria. We may not be able to identify, recruit or contract with suitable franchisees in our target markets on a timely basis or at all. In addition, our franchisees may not ultimately be able to access the financial or management resources that they need to open the restaurants contemplated by their agreements with us, or they may elect to cease restaurant development for other reasons and state franchise laws may limit our ability to terminate or modify these license arrangements. If we are unable to recruit suitable franchisees or if franchisees are unable or unwilling to open new restaurants as planned, our growth may be slower than anticipated, which could materially adversely affect our ability to increase our revenue and materially adversely affect our business, financial condition and results of operations.

Our franchisees could take actions that could harm our business.

Our franchisees are contractually obligated to operate their restaurants in accordance with the operations, safety, and health standards set forth in our agreements with them and applicable laws. However, although we will attempt to properly train and support all of our franchisees, franchisees are independent third parties whom we do not control. The franchisees own, operate, and oversee the daily operations of their restaurants, and their employees are not our employees. Accordingly, their actions are outside of our control. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises at their approved locations, and state franchise laws may limit our ability to terminate or not renew these franchise agreements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and adequately train qualified managers and other restaurant personnel. The failure of our franchisees to operate their franchises in accordance with our standards or applicable law, actions taken by their employees or a negative publicity event at one of our franchised restaurants or involving one of our franchisees could have a material adverse effect on our reputation, our brand, our ability to attract prospective franchisees, our company-owned restaurants, and our business, financial condition or results of operations.

Interruptions in the supply of product to company-owned restaurants and franchisees could adversely affect our revenue.

In order to maintain quality-control standards and consistency among restaurants, we require through our franchise agreements that our franchisees obtain food and other supplies from preferred suppliers approved in advance. In this regard, we and our franchisees depend on a group of suppliers for food ingredients, beverages, paper goods, and distribution, including, but not limited to, four primary chicken suppliers, The Sygma Network for distribution, The Coca-Cola Company, and other suppliers. In 2014, we and our franchisees purchased products from approximately 112 approved suppliers, with approximately 10 of such suppliers providing 80%, based on dollar volume, of all products purchased. We look to approve multiple suppliers for most products, and require any single sourced supplier, such as The Coca-Cola Company, to have contingency plans in place to ensure continuity of supply. In addition, we believe that, if necessary, we could obtain readily available alternative sources of supply for each product that we currently source through a single supplier. To facilitate the efficiency of our franchisees supply chain, we have historically entered into several preferred-supplier arrangements for particular food or beverage items. In addition, our restaurants bear risks associated with the

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timeliness, solvency, reputation, labor relations, freight costs, price of raw materials, and compliance with health and safety standards of each supplier, including, but not limited to, risks associated with contamination to food and beverage products. We have little control over such suppliers. Disruptions in these relationships may reduce franchisee sales and, in turn, our royalty income. Overall difficulty of suppliers meeting restaurant product demand, interruptions in the supply chain, obstacles or delays in the process of renegotiating or renewing agreements with preferred suppliers, financial difficulties experienced by suppliers, or the deficiency, lack, or poor quality of alternative suppliers could adversely impact franchisee sales and our company-owned restaurant sales, which, in turn, would reduce our royalty income and revenue and could materially and adversely affect our business and operating results.

Our success depends on our ability to compete with many other restaurants.

The restaurant industry in general, and the fast casual category in particular, are intensely competitive, and we compete with many well-established restaurant companies on the basis of food taste and quality, price, service, value, location, convenience and overall customer experience. Our competitors include restaurant chains and individual restaurants that range from independent local operators to well-capitalized national and regional restaurant companies, including restaurants offering chicken wing products, as well as dine-in, carry-out and delivery services offering other types of food.

Some of our competitors have substantially greater financial and other resources than we do, which may allow them to react to changes in the restaurant industry better than we can. Other competitors are local restaurants that in some cases have a loyal guest base and strong brand recognition within a particular market. As our competitors expand their operations or as new competitors enter the industry, we expect competition to intensify. Should our competitors increase their spending on advertising and promotions, we could experience a loss of customer traffic to our competitors. Also, if our advertising and promotions become less effective than those of our competitors, we could experience a material adverse effect on our results of operations. We and our franchisees also compete with other restaurant chains and other retail businesses for quality site locations, management and hourly employees.

Additionally, we face the risk that new or existing competitors will copy our business model, menu options, presentation or ambience, among other things. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently and effectively to those conditions. In addition, many of our competitors offer lower-priced menu options or meal packages, or have loyalty programs.

You should not rely on past increases in our domestic same store sales or our AUV as an indication of our future results of operations because they may fluctuate significantly.

A number of factors have historically affected, and will continue to affect, our domestic same store sales and AUV, including, among other factors:

- competition;
- consumer trends and confidence;

- our ability to execute our business strategy effectively;
- unusually strong initial sales performance by new restaurants; and
- regional and national macroeconomic conditions.

The level of domestic same store sales is a critical factor affecting our ability to generate profits because the profit margin on domestic same store sales is generally higher than the profit margin on new restaurant sales. Domestic same store sales reflects the change in year-over-year sales for the domestic same store base. We define the domestic same store base to include those restaurants open for at least 52 full weeks.

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Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to certain factors, some of which are beyond our control, resulting in a decline in our stock price.

Our quarterly operating results may fluctuate significantly because of several factors, including:

- the timing of new restaurant openings;
- profitability of our restaurants, especially in new markets;
- changes in interest rates;
- increases and decreases in average weekly sales and domestic same store sales including due to the timing and popularity of sporting and other events;
- macroeconomic conditions, both nationally and locally;
- changes in consumer preferences and competitive conditions;
- expansion to new markets;
- impairment of long-lived assets and any loss on restaurant closures;
- increases in infrastructure costs; and
- fluctuations in commodity prices.

As a result, our quarterly and annual operating results and domestic same store sales may fluctuate significantly as a result of the factors discussed above. Accordingly, results for any one fiscal quarter are not necessarily indicative of results to be expected for any other fiscal quarter or for any fiscal year and domestic same store sales for any particular future period may decrease. The planned increase in the number of our restaurants may make our future results unpredictable and, if we fail to manage such growth effectively, our business, financial condition and results of operations may be materially adversely affected. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

Our expansion into new markets may present increased risks due to our unfamiliarity with those areas.

Some of our new restaurants are planned for markets where there may be limited or no market recognition of our brand. Those markets may have competitive conditions, consumer tastes and discretionary spending patterns that are different from those in our existing markets. As a result, those new restaurants may be less successful than restaurants in our existing markets. We may need to build brand awareness in that market through greater investments in advertising and promotional activity than we originally planned. Our franchisees may find it more difficult in new markets to hire, motivate and keep qualified employees who can project our vision, passion and culture. Restaurants opened in new markets may also have lower average restaurant sales than restaurants opened in existing markets. Sales at restaurants opened in new markets may take longer to ramp up and reach expected sales and profit levels, and may never do so, thereby affecting our overall profitability.

Food safety, food-borne illness and other health concerns may have an adverse effect on our business.

Food safety is a top priority, and we dedicate substantial resources to ensure that our customers enjoy safe, quality food products. However, food-borne illnesses, such as salmonella, E. coli or hepatitis A, and food safety issues have occurred in the food industry in the past, and could occur in the future. Any report or publicity linking our restaurants to instances of food-borne illness or other food safety issues, including food tampering or contamination, could adversely affect our brand and reputation as well as our revenue and profits. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of our competitors could result in negative publicity about the food service industry or fast casual restaurants generally and adversely impact our restaurants.

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In addition, our reliance on third-party food suppliers and distributors increases the risk that food-borne illness incidents could be caused by factors outside of our control and that multiple restaurants would be affected rather than a single restaurant. We cannot assure that all food items are properly maintained during transport throughout the supply chain and that our employees and our franchisees and their employees will identify all products that may be spoiled and should not be used in our restaurants. In addition, our industry has long been subject to the threat of food tampering by suppliers and employees, such as the addition of foreign objects in the food that we sell. Reports, whether or not true, of injuries caused by food tampering have in the past severely injured the reputations and brands of restaurant chains in the quick service restaurant segment and could affect us in the future as well. If our customers become ill from food-borne illnesses, we could also be forced to temporarily close some restaurants. Furthermore, any instances of food contamination, whether or not at our restaurants, could subject our restaurants or our suppliers to a food recall pursuant to the Food and Drug Administration Food Safety Modernization Act.

Furthermore, the United States and other countries have also experienced, and may experience in the future, outbreaks of viruses, such as H1N1, avian influenza, various other forms of influenza, enterovirus, SARS and Ebola. To the extent that a virus is transmitted by human-to-human contact, our employees or customers could become infected or could choose, or be advised, to avoid gathering in public places and avoid eating in restaurant establishments such as our restaurants, which could adversely affect our business.

Changes in food and supply costs could adversely affect our results of operations.

The profitability of our company-owned restaurants depends in part on our ability to anticipate and react to changes in food and supply costs. Any increase in the prices of the ingredients most critical to our menu, particularly chicken, could adversely affect our operating results. Bone-in chicken wing prices in our company-owned restaurants in 2014 averaged 15% lower than in 2013 as the average price per pound decreased. If there is a significant rise in the price of bone-in chicken wings, and we are unable to successfully adjust menu prices or otherwise make operational adjustments to account for the higher wing prices, our operating results could be adversely affected. For example, bone-in chicken wings accounted for approximately 25% and 26% of our costs of sales in fiscal years 2013 and 2014, respectively. A hypothetical 10% increase in the bone-in chicken wing costs for fiscal year 2014 would have increased cost of sales by approximately $0.5 million for fiscal year 2014.

Although we try to manage the impact that these fluctuations have on our operating results, we remain susceptible to increases in food costs as a result of factors beyond our control, such as general economic conditions, seasonal fluctuations, weather conditions, demand, food safety concerns, product recalls and government regulations. As a result, we may not be able to anticipate or react to changing food costs by adjusting our purchasing practices or menu prices, which could cause our operating results to deteriorate. In addition, because we provide moderately-priced food, we may choose not to, or be unable to, pass along commodity price increases to our customers.

If we or our franchisees or licensees are unable to protect our customers credit card data and other personal information, we or our franchisees could be exposed to data loss, litigation, and liability, and our reputation could be significantly harmed.

Privacy protection is increasingly demanding, and the use of electronic payment methods and collection of other personal information expose us and our franchisees to increased risk of privacy and/or security breaches as well as other risks. The majority of our restaurant sales are by credit or debit cards. In connection with credit or debit card transactions in-restaurant, we and our franchisees collect and transmit confidential information by way of secure private retail networks. Additionally, we collect and store personal information from individuals, including our customers, franchisees, and employees.

Our franchisees have experienced security breaches in which credit and debit card information could have been stolen and we and our franchisees may experience security breaches in which credit and debit card information is stolen in the future. Although we use secure private networks to transmit confidential information, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales, and our security measures and those of technology vendors may not effectively prohibit others from obtaining improper access to this information. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect for long periods of time, which may cause a breach to go undetected for an extensive period of time. Advances in computer and software capabilities, new tools, and other developments may increase the risk of such a breach. Further, the systems currently used for transmission and approval of electronic payment transactions, and the technology utilized in electronic payment themselves, all of which can put electronic payment at risk, are determined and controlled by the payment card industry, not by us, through enforcement of compliance with the Payment Card Industry-Data Security Standards, or PCI DSS. We and our franchisees must abide by the PCI DSS, as modified from time to time, in order to accept electronic payment transactions. Furthermore, the payment card industry is requiring vendors to become compatible with smart chip technology for payment cards, or EMV-Compliant, or else bear full responsibility for certain fraud losses, referred to as the EMV Liability Shift, which could adversely affect our business. To become EMV-Compliant, merchants must utilize EMV-Compliant payment card terminals at the point of sale and also obtain a variety of certifications. The EMV Liability Shift became effective on October 1, 2015. At present, our company-owned and franchised restaurants are not required to upgrade their POS systems to include such EMV-Compliant payment card terminals and as a result, face increased liability exposure, which could adversely affect our business and operating results.

In addition, our franchisees, contractors, or third parties with whom we do business or to whom we outsource business operations may attempt to circumvent our security measures in order to misappropriate such information, and may purposefully or inadvertently cause a breach involving such information. If a person is able to circumvent our security measures or those of third parties, he or she could destroy or steal valuable information or disrupt our operations. We may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our restaurants.

Our business activities subject us to litigation risk that could affect us adversely by subjecting us to significant money damages and other remedies or by increasing our litigation expense.

We and our franchisees are, from time to time, the subject of (or potentially the subject of) complaints or litigation, including customer claims, personal-injury claims, environmental claims, employee allegations of improper termination and discrimination, claims related to violations of the Americans with Disabilities Act of 1990, or the ADA, religious freedom, the Fair Labor Standards Act, or the FLSA, other employment-related laws, the Occupational Safety and Health Act, or OSHA, the Employee Retirement Income Security Act of 1974, as amended, or ERISA, advertising laws and intellectual-property claims. Each of these claims may increase costs and limit the funds available to make royalty payments and reduce the execution of new franchise agreements. Litigation against a franchisee or its affiliates by third parties or regulatory agencies, whether in the ordinary course of business or otherwise, may also include claims against us by virtue of our relationship with the defendant-franchisee, whether under vicarious liability, joint employer, or other theories. In addition to decreasing the ability of a defendant-franchisee to make royalty payments in the event of such claims and diverting our management and financial resources, adverse publicity resulting from such allegations may materially and adversely affect us and our brand, regardless of whether these allegations are valid or whether we are liable. Our international operations may be subject to additional risks related to litigation, including difficulties in enforcement of contractual obligations governed by foreign law due to differing interpretations of rights and obligations, compliance with multiple and potentially conflicting laws, new and potentially untested laws and judicial systems, and reduced or diminished protection of intellectual property. A substantial judgment against us or one of our subsidiaries could materially and adversely affect our business and operating results.

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We could also become subject to class action or other lawsuits related to the above-described or different matters in the future. Regardless, however, of whether any claim brought against us in the future is valid or whether we are liable, such a claim would be expensive to defend and may divert time, money and other valuable resources away from our operations and, thereby, hurt our business.

We and our franchisees are also subject to state and local dram shop statutes, which may subject us and our franchisees to uninsured liabilities. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. Because a plaintiff may seek punitive damages, which may not be fully covered by insurance, this type of action could have an adverse impact on our financial condition and results of operations. A judgment in such an action significantly in excess of insurance coverage could adversely affect our financial condition, results of operations or cash flows. Further, adverse publicity resulting from any such allegations may adversely affect us and our restaurants taken as a whole.

We may engage in litigation with our franchisees.

Although we believe we generally enjoy a positive working relationship with the vast majority of our franchisees, the nature of the franchisor-franchisee relationship may give rise to litigation with our franchisees. In the ordinary course of business, we are the subject of complaints or litigation from franchisees, usually related to alleged breaches of contract or wrongful termination under the franchise arrangements. We may also engage in future litigation with franchisees to enforce the terms of our franchise agreements and compliance with our brand standards as determined necessary to protect our brand, the consistency of our products and the customer experience. We may also engage in future litigation with franchisees to enforce our contractual indemnification rights if we are brought into a matter involving a third party due to the franchisee s alleged acts or omissions. In addition, we may be subject to claims by our franchisees relating to our Franchise Disclosure Document, or FDD, including claims based on financial information contained in our FDD. Engaging in such litigation may be costly and time-consuming and may distract management and materially adversely affect our relationships with franchisees and our ability to attract new franchisees. Any negative outcome of these or any other claims could materially adversely affect our results of operations as well as our ability to expand our franchise system and may damage our reputation and brand. Furthermore, existing and future franchise-related legislation could subject us to additional litigation risk in the event we terminate or fail to renew a franchise relationship.

Changes to the current law with respect to the assignment of liabilities in the franchise business model could adversely impact our profitability.

One of the legal foundations fundamental to the franchise business model has been that, absent special circumstances, a franchisor is generally not responsible for the acts, omissions or liabilities of its franchisees, whether with respect to the franchisees employees or otherwise. However, in an August 27, 2015, National Labor Relations Board, or NLRB, decision, *Browning-Ferris Industries of California, Inc.*, the NLRB adopted a broader and looser standard for determining joint employer status. Under the NLRB s new joint employer standard, a putative joint employer is no longer required to exercise direct and immediate control over workers terms and conditions of employment. Indirect or even reserved control is now potentially sufficient to establish a joint employment relationship. Although *Browning-Ferris Industries of California, Inc.* (not yet appealed) was not a case involving a franchise relationship, and while the NLRB s opinion explicitly stated it was not addressing the franchise industry, it is unclear how the NLRB will apply the expanded joint employer definition adopted in *Browning-Ferris Industries of California, Inc.* to franchise relationships overall or to particular franchise relationships sharing certain characteristics or controls. If the NLRB s new position is applied broadly to franchise relationships, it could significantly change the way we and other franchisors conduct business and adversely impact our profitability. For example, the General Counsel of the NLRB continues to prosecute complaints in Regional Offices across the country (first issued in December 2014) charging that McDonald s and its franchisees are joint employers and seeking to hold McDonald s liable for unfair labor practices allegedly committed by its franchisees. The position taken by the NLRB General Counsel has set in motion what are expected to be lengthy hearings before the NLRB. The decision of the NLRB is subject to subsequent federal court litigation and is not expected to be resolved until a final decision in the federal appellate courts. A determination, due to the new standard adopted in *Browning-Ferris Industries of California, Inc.*, that we are a joint employer with our franchisees or that our franchisees are part of one unified system with joint and several liability under the National Labor Relations Act, statutes administered by the Equal Employment Opportunity Commission, Occupational Safety and Health Administration, or OSHA, regulations and other areas of labor and employment law could subject us and/or our franchisees to liability for the unfair labor practices, wage-and-hour law violations, employment discrimination law violations, OSHA regulation violations and other employment-related liabilities of one or more franchisees. Furthermore, this change in the law could create an increased likelihood that certain franchised networks will be required to employ unionized labor, which could impact franchisors like us through, among other things, increased labor costs, increased menu prices to offset labor costs and difficulty in attracting new franchisees. In addition, if these changes are expanded outside of the employment context, we could be held liable for other claims against franchisees such as personal injury claims by customers at franchised restaurants. Therefore, any regulatory action or court decisions expanding the vicarious liability of franchisors could impact our ability or desire to grow our franchised base and have a material adverse effect on our results of operations.

We may be impacted by negative publicity regarding other franchisors controlled by Roark.

Through common control with or common management by Roark, we are affiliated with certain other franchise brands. While we operate as a separate company and are managed entirely independent from any other franchisors controlled by Roark, our affiliate relationship requires us to disclose certain information with respect to such other franchisors to potential franchisees. Therefore, negative publicity, legal proceedings, bankruptcies or other adverse events regarding other franchised concepts controlled by Roark or negative incidents involving these other companies or concepts, even though entirely independent from us, could adversely impact our reputation and our ability to attract franchisees.

Macroeconomic conditions could adversely affect our ability to increase sales at existing restaurants or open new restaurants.

Recessionary economic cycles, higher fuel and other energy costs, lower housing values, low consumer confidence, inflation, increases in commodity prices, higher interest rates, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors that may affect discretionary consumer spending could adversely affect our revenue and profit margins and make opening new restaurants more difficult. Our customers may have lower disposable income and reduce the frequency with which they dine out during economic downturns. This could result in fewer transactions and reduced transaction size or limitations on the prices we can charge for our menu items, any of which could reduce our sales and profit margins. Also, businesses in the shopping vicinity in which some of our restaurants are located may experience difficulty as a result of macroeconomic trends or cease to operate, which could, in turn, further negatively affect customer traffic at our restaurants. All of these factors could have a material adverse impact on our results of operations and growth strategy.

In addition, negative effects on our and our franchisees existing and potential landlords due to the inaccessibility of credit and other unfavorable economic factors may, in turn, adversely affect our business and results of operations. If our or our franchisees landlords are unable to obtain financing or remain in good standing under their existing financing arrangements, they may be unable to provide construction contributions or satisfy other lease obligations owed to us or our franchisees. In addition, if our and our franchisees landlords are unable to obtain sufficient credit to continue to properly manage their retail sites, we may experience a drop in the level of quality of such retail centers. The development of new restaurants may also be adversely affected by negative economic factors affecting developers and potential landlords. Developers and/or landlords may try to delay or cancel recent development projects (as well as renovations of existing projects) due to instability in the credit markets and declines in consumer spending, which could reduce the number of appropriate locations available that we would consider for our new restaurants. Furthermore, other tenants at the properties in which our restaurants are located may delay their openings, fail to open or cease operations. Decreases in total tenant occupancy in the properties in which our restaurants are located may affect customer traffic at our restaurants.

If any of the foregoing affect any of our or our franchisees landlords, developers and/or surrounding tenants, our business and results of operations may be adversely affected. To the extent our restaurants are part of a larger retail project or tourist destination, customer traffic could be negatively impacted by economic factors affecting surrounding tenants.

Because many of our restaurants are concentrated in local or regional areas, we are susceptible to economic and other trends and developments, including adverse weather conditions, in these areas.

As of September 26, 2015, 66% of our 756 domestic restaurants were spread across Texas (36%), California (24%) and Illinois (6%). Given our geographic concentrations, negative publicity regarding any of our restaurants in these areas could have a material adverse effect on our business and operations, as could other regional occurrences such as local strikes, terrorist attacks, increases in energy prices, or natural or man-made disasters and more stringent state and local laws and regulations. In particular, adverse weather conditions, such as regional winter storms, floods, severe thunderstorms, earthquakes, tornadoes and hurricanes, could negatively impact our results of operations.

We and our franchisees rely on computer systems to process transactions and manage our business, and a disruption or a failure of such systems or technology could harm our ability to effectively manage our business.

Network and information technology systems are integral to our business. We utilize various computer systems, including our franchisee reporting system, by which our franchisees report their weekly sales and pay their corresponding royalty fees and required advertising fund contributions. When sales are reported by a franchisee, a withdrawal for the authorized amount is initiated from the franchisee s bank on a set date each week based on gross sales during the week ended the prior Saturday. This system is critical to our ability to accurately track sales and compute royalties and advertising fund contributions due from our franchisees.

Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities.

Despite the implementation of protective measures, our systems are subject to damage and/or interruption as a result of power outages, computer and network failures, computer viruses and other disruptive software, security breaches, catastrophic events, and improper usage by employees. Such events could result in a material disruption in operations, a need for a costly repair, upgrade or replacement of systems, or a decrease in, or in the collection of, royalties and advertising fund contributions paid to us by our franchisees. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability which could materially affect our results of operations.

It is also critical that we establish and maintain certain licensing and software agreements for the software we use in our day-to-day operations. A failure to procure or maintain these licenses could have a material adverse effect on our business operations.

The prospect of a pandemic spread of avian flu could adversely impact our supply of chicken and affect our business.

If avian flu were to affect our supply of chicken, our operations may be negatively impacted, as prices may rise due to limited supply. In addition, misunderstanding by the public of information regarding the threat of avian flu could result in negative publicity regarding the risks of consumption of chicken products that could adversely affect consumer spending and confidence levels. A decrease in traffic to our restaurants as a result of this negative publicity or as a result of health concerns, whether or not warranted, could materially harm our business.

Failure to obtain and maintain required licenses and permits or to comply with alcoholic beverage or food control regulations could lead to the loss of liquor and food service licenses and, thereby, harm our business.

The restaurant industry is subject to various federal, state and local government regulations, including those relating to the sale of food and alcoholic beverages. Such regulations are subject to change from time to time. The failure of our restaurants to obtain and maintain these licenses, permits and approvals could adversely affect our operating results. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that a restaurant s conduct violates applicable regulations. Difficulties or failure to maintain or obtain the required licenses and approvals could adversely affect our existing restaurants and delay or result in our decision to cancel the opening of new restaurants, which would adversely affect our results of operations.

Alcoholic beverage control regulations require each of our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on-premises and to provide service for extended hours and on Sundays. Alcoholic beverage control regulations relate to numerous aspects of daily operations of our restaurants, including minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and handling, and storage and dispensing of alcoholic beverages. Any future failure to comply with these regulations and obtain or retain liquor licenses could adversely affect our results of operations.

Our current insurance and the insurance of our franchisees may not provide adequate levels of coverage against claims.

We currently maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Such losses could have a material adverse effect on our business and results of operations.

Our franchise agreements require each franchisee to maintain certain insurance types and levels. Certain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made on a timely basis. Any such loss or delay in payment could have a material and adverse effect on a franchisee s ability to satisfy obligations under the franchise agreement, including the ability to make royalty payments.

We also require franchisees to maintain general liability insurance coverage to protect against the risk of product liability and other risks and demand strict franchisee compliance with health and safety regulations. However, franchisees may receive or produce defective food or beverage products, which may materially adversely affect our brand s goodwill and our business. Further, a franchisee s failure to comply with health and safety regulations, including requirements relating to food quality or preparation, could subject them, and possibly us, to litigation. Any litigation, including the imposition of fines or damage awards, could adversely affect the ability of a franchisee to make royalty payments or could generate negative publicity or otherwise adversely affect us.

Fluctuations in exchange rates affect our revenue.

We are subject to inherent risks attributed to operating in a global economy. Most of our revenue, costs, and debts are denominated in U.S. dollars. However, sales made by franchisees outside of the United States are

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denominated in the currency of the country in which the point of distribution is located, and this currency could become less valuable prior to calculation of our royalty payments in U.S. dollars as a result of exchange rate fluctuations. As a result, currency fluctuations could reduce our royalty income. Unfavorable currency fluctuations could result in a reduction in our revenue.

Our business is subject to various laws and regulations and changes in such laws and regulations, and/or failure to comply with existing or future laws and regulations, could adversely affect us.

We are subject to state franchise registration requirements, the rules and regulations of the Federal Trade Commission, or the FTC, various state laws regulating the offer and sale of franchises in the United States through the provision of franchise disclosure documents containing certain mandatory disclosures, various state laws regulating the franchise relationship, and certain rules and requirements regulating franchising arrangements in foreign countries. Although we believe that our franchise disclosure documents, together with any applicable state-specific versions or supplements, and franchising procedures that we use comply in all material respects with both the FTC guidelines and all applicable state laws regulating franchising in those states in which we offer and grant new franchise arrangements, noncompliance could reduce anticipated royalty income, which in turn could materially and adversely affect our business and operating results.

We and our franchisees are subject to various existing United States federal, state, local, and foreign laws affecting the operation of the restaurants, including various health, sanitation, fire, and safety standards. Franchisees may in the future become subject to regulation (or further regulation) seeking to tax or regulate high-fat foods, to limit the serving size of beverages containing sugar, to ban the use of certain packaging materials, or to require the display of detailed nutrition information. Each of these regulations would be costly to comply with and/or could result in reduced demand for our products.

We and our franchisees also have a substantial number of hourly employees who are required to be paid pursuant to applicable federal or state minimum wage laws. The federal minimum wage has been $7.25 per hour since July 24, 2009. From time to time, various federal and state legislators have proposed changes to the minimum wage requirements, especially for fast-food workers. Certain regions such as Los Angeles, Seattle, San Francisco and New York, have approved phased-in increases that eventually will take their minimum wage to as high as $15 an hour. These and any future similar increases in other regions in states in which our restaurants operate may negatively affect our and our franchisees profit margins as we and our franchisees may be unable to increase our menu prices in order to pass future increased labor costs on to our guests. Also, reduced margins of franchisees could make it more difficult to sell franchises. If menu prices are increased by us and our franchisees to cover increased labor costs, the higher prices could adversely affect transactions which could lower sales and thereby reduce our margins and the royalties that we receive from franchisees.

There is also a potential for increased regulation of certain food establishments in the United States, where compliance with a Hazard Analysis and Critical Control Points, or the HACCP, approach may now be required. HACCP refers to a management system in which food safety is addressed through the analysis and control of potential hazards from production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Many states have required restaurants to develop and implement HACCP Systems, and the United States government continues to expand the sectors of the food industry that must adopt and implement HACCP programs. For example, the Food Safety Modernization Act, or the FSMA, signed into law in January 2011, granted the U.S. Food and Drug Administration, the FDA, new authority regarding the safety of the entire food system, including through increased inspections and mandatory food recalls. Although restaurants are specifically exempted from or not directly implicated by some of these new requirements, we anticipate that the new requirements may impact our industry. Additionally, our suppliers may initiate or otherwise be subject to food recalls that may impact the availability of certain products, result in adverse publicity or require us to take actions that could be costly for us or otherwise impact our business.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state, local and foreign authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws, including the ADA, could require us or our franchisees to expend significant funds to make modifications to our restaurants if we failed to comply with applicable standards. Compliance with all of these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

We and our franchisees may experience increased costs for employee health care benefits.

Minimum employee health care coverage mandated by state or federal legislation, such as the federal healthcare reform legislation that became law in March 2010 (known as the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010, or the PPACA), could significantly increase our employee health benefit costs or require us to alter the benefits we provide to our employees. While we are assessing the potential impact the PPACA will have on our business, certain of the mandates in the legislation are not yet effective. If our or our franchisees employee health benefit costs increase, we cannot provide assurance that we will be able to offset these costs through increased revenue or reductions in other costs, which could have an adverse effect on our results of operations and financial condition.

Damage to our reputation or lack of acceptance of our brand in existing or new markets could negatively impact our business, financial condition and results of operations.

We believe we have built our reputation on the high quality and bold, distinctive and craveable flavors of our food, value and service, and we must protect and grow the value of our brand to continue to be successful in the future. Any incident that erodes consumer affinity for our brand could significantly reduce its value and damage our business. For example, our brand value could suffer and our business could be adversely affected if customers perceive a reduction in the quality of our food, value or service or otherwise believe we have failed to deliver a consistently positive experience.

We may be adversely affected by news reports or other negative publicity, regardless of their accuracy, regarding food quality issues, public health concerns, illness, safety, injury, security breaches of confidential guest or employee information, employee related claims relating to alleged employment discrimination, wage and hour violation, labor standards or health care and benefit issues or government or industry findings concerning our restaurants, restaurants operated by other foodservice providers, or others across the food industry supply chain. The risks associated with such negative publicity cannot be eliminated or completely mitigated and may materially affect our business.

Also, there has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact. Many social media platforms immediately publish the content their subscribers and participants can post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning us may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects, brand or business. The harm may be immediate without affording us an opportunity for redress or correction.

Ultimately, the risks associated with any such negative publicity or incorrect information cannot be eliminated or completely mitigated and may materially adversely affect our reputation, business, financial condition and results of operations.

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Opening new restaurants in existing markets may negatively affect sales at existing restaurants.

We intend to continue opening new franchised restaurants in our existing markets as a core part of our growth strategy. Expansion in existing markets may be affected by local economic and market conditions. Further, the customer target area of our restaurants varies by location, depending on a number of factors, including population density, other local retail and business attractions, area demographics and geography. As a result, the opening of a new restaurant in or near markets in which our restaurants already exist could adversely affect the sales of these existing restaurants. We and our franchisees may selectively open new restaurants in and around areas of existing restaurants. Sales cannibalization between restaurants may become significant in the future as we continue to expand our operations and could affect sales growth, which could, in turn, materially adversely affect our business, financial condition or results of operations.

Our expansion into international markets exposes us to a number of risks that may differ in each country where we have franchise restaurants.

We currently have franchised restaurants in Mexico, Singapore, Indonesia, the Philippines, Russia and the United Arab Emirates and plan to continue to grow internationally. However, international operations are in early stages. Expansion in international markets may be affected by local economic and market conditions. Therefore, as we expand internationally, our franchisees may not experience the operating margins we expect, and our results of operations and growth may be materially and adversely affected. Our financial condition and results of operations may be adversely affected if the global markets in which our franchised restaurants compete are affected by changes in political, economic or other factors. These factors, over which neither our franchisees nor we have control, may include:

- recessionary or expansive trends in international markets;
- changing labor conditions and difficulties in staffing and managing our foreign operations;
- increases in the taxes we pay and other changes in applicable tax laws;
- legal and regulatory changes, and the burdens and costs of our compliance with a variety of foreign laws;
- changes in inflation rates;
- changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds;
- difficulty in protecting our brand, reputation and intellectual property;
- difficulty in collecting our royalties and longer payment cycles;

expropriation of private enterprises;

anti-American sentiment in certain locations and the identification of the Wingstop brand as an American brand;

political and economic instability; and

other external factors.

Our success depends in part upon effective advertising and marketing campaigns, which may not be successful, and franchisee support of such advertising and marketing campaigns.

We believe the Wingstop brand is critical to our business and expend resources in our marketing efforts using a variety of media. We expect to continue to conduct brand awareness programs and customer initiatives to attract and retain customers. Should our advertising and promotions not be effective, our business, financial condition and results of operations could be materially adversely affected.

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The support of our franchisees is critical for the success of the advertising and marketing campaigns we seek to undertake, and the successful execution of these campaigns will depend on our ability to maintain alignment with our franchisees. Our franchisees are currently required to contribute two percent of their gross sales to a common ad fund to support the development of new products, brand development and national marketing programs. Our current form of franchise agreement also requires franchisees to spend at least one percent of gross sales directly on local advertising, but the majority of our franchisees are not subject to such requirement. Franchisees also may be required to contribute approximately 2% of gross sales to a cooperative advertising association when a franchisee and at least one other restaurant operator have opened restaurants in the same DMA (the cooperative advertising contribution is credited toward the 1% minimum spend). While we maintain control over advertising and marketing materials and can mandate certain strategic initiatives pursuant to our franchise agreements, we need the active support of our franchisees if the implementation of these initiatives is to be successful. If our initiatives are not successful, resulting in expenses incurred without the benefit of higher revenue, our business, financial condition and results of operations could be materially adversely effected.

We are vulnerable to changes in consumer preferences and regulation of consumer eating habits that could harm our business, financial condition, results of operations and cash flow.

Consumer preferences often change rapidly and without warning, moving from one trend to another among many product or retail concepts. We depend on trends regarding away-from-home or take-out dining. Consumer preferences towards away-from-home and take-out dining or certain food products might shift as a result of, among other things, health concerns or dietary trends related to cholesterol, carbohydrate, fat and salt content of certain food items, including chicken wings, in favor of foods that are perceived as more healthy. Our menu is currently comprised primarily of chicken wings and a change in consumer preferences away from these offerings would have a material adverse effect on our business. Negative publicity over the health aspects of the food items we sell may adversely affect demand for our menu items and could result in lower traffic, sales and results of operations. Our continued success will depend in part on our ability to anticipate, identify and respond to changing consumer preferences.

Regulations and consumer eating habits may continue to change as a result of new information and attitudes regarding diet and health. These changes may include regulations that impact the ingredients and nutritional content of our menu items. The federal government, as well as a number of states, counties and cities, have enacted menu labeling laws requiring multi-unit restaurant operators to make certain nutritional information available to customers or have enacted legislation prohibiting the sales of certain types of ingredients in restaurants. For example, the PPACA establishes a uniform, federal requirement for certain restaurants to post nutritional information on their menus. Beginning in December 2016, we will be required to provide menu labeling of certain nutritional aspects of our restaurant menu items such as caloric, sugar, sodium and fat content. California, a state in which 24% of our domestic restaurants are located, has also enacted menu labeling laws. Altering our recipes in response to such legislation could increase our costs and/or change the flavor profile of our menu offerings which could have an adverse impact on our results of operations. Additionally, if our customers perceive our menu items to contain unhealthy caloric, sugar, sodium, or fat content, our results of operations could be adversely affected. The success of our restaurant operations depends, in part, upon our ability to effectively respond to changes in consumer health and disclosure regulations and to adapt our menu offerings to fit the dietary needs and eating habits of our customers without sacrificing flavor. To the extent we are unable to respond with appropriate changes to our menu offerings, it could materially affect customer traffic and our results of operations. Furthermore, a change in our menu could result in a decrease in customer traffic.

We depend upon our executive officers and management team and may not be able to retain or replace these individuals or recruit additional personnel, which could harm our business.

We believe that we have already benefited and expect to benefit substantially in the future from the leadership and experience of our executive officers and management team. The loss of the services of any of these individuals could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis. In addition, any such departure could be viewed in a negative light by investors and analysts, which could cause our common stock price to decline. As our business expands, our future success will depend greatly on our continued ability to attract and retain highly-skilled and qualified executive-level personnel. Our inability to attract and retain qualified executive officers in the future could impair our growth and harm our business.

The number of new franchised Wingstop restaurants that actually open in the future may differ materially from the number of signed commitments from potential existing and new franchisees.

The number of new franchised Wingstop restaurants that actually open in the future may differ materially from the number of signed commitments from potential existing and new franchisees. Historically, a portion of our commitments sold have not ultimately opened as new franchised Wingstop restaurants. On an annual basis for the past four years approximately 10% - 20% of the total domestic commitments sold have been terminated. Based on our limited history of international restaurant openings, we believe the termination rate of international commitments is likely to approximate the historic termination rate of domestic commitments. The historic conversion rate of signed commitments to new franchised Wingstop locations may not be indicative of the conversion rates we will experience in the future and the total number of new franchised Wingstop restaurants actually opened in the future may differ materially from the number of signed commitments disclosed at any point in time.

Our stated sales to investment ratio and average unlevered cash-on-cash return may not be indicative of future results of any new franchised restaurant.

Initial investment levels, AUV levels, restaurant-level operating costs and restaurant-level operating profit of any new restaurant may differ from average levels experienced by franchisees in prior periods due to a variety of factors, and these differences may be material. Accordingly, our stated sales to investment ratio and average unlevered cash-on-cash return may not be indicative of future results of any new franchised restaurant. In addition, estimated initial investment costs and restaurant-level operating costs are based on information self-reported by our franchisees and have not been verified by us. Furthermore, performance of new restaurants is impacted by a range of risks and uncertainties beyond our or our franchisees control, including those described by other risk factors described in this prospectus.

Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position, and, therefore, we devote resources to the protection of our trademarks and proprietary rights. The protective actions that we take, however, may not be enough to prevent unauthorized use or imitation by others, which could harm our image, brand or competitive position. If we commence litigation to enforce our rights, we will incur significant legal fees.

We cannot assure you that third parties will not claim infringement by us of their proprietary rights in the future. Any such claim, whether or not it has merit, could be time-consuming and distracting for executive management, result in costly litigation, cause changes to existing menu items or delays in introducing new menu items, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the U.S. Foreign Corrupt Practices Act and other anti-corruption laws or trade control laws, as well as other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or

criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, financial condition and results of operations.

We and our franchisees are subject to anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws that apply in countries where we do business. The FCPA, UK Bribery Act and these other laws generally prohibit us, our food service personnel, our franchisees, their food

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service personnel and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the FCPA or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We and our franchisees are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce s Bureau of Industry and Security, the U.S. Department of Treasury s Office of Foreign Asset Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations and transfer pricing regulations, or collectively, Trade Control laws.

However, there is no assurance that we and our franchisees will be completely effective in ensuring our compliance with all applicable anticorruption laws, including the FCPA or other legal requirements, including Trade Control laws. If we or our franchisees are not in compliance with the FCPA and other anti-corruption laws or Trade Control laws, we or our franchisees may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA other anti-corruption laws or Trade Control laws by United States or foreign authorities could also have an adverse impact on our reputation, business, financial condition and results of operations.

We may need additional capital in the future, and it may not be available on acceptable terms.

We have historically relied upon cash generated by our operations and our senior secured credit facility to fund our operations and strategy. In the future, we intend to rely on funds from operations and, if necessary, our senior secured credit facility. We may also need to access the debt and equity capital markets. There can be no assurance, however, that these sources of financing will be available on acceptable terms, or at all. Our ability to obtain additional financing will be subject to a number of factors, including market conditions, our operating performance, investor sentiment and our ability to incur additional debt in compliance with agreements governing our then-outstanding debt. These factors may make the timing, amount, terms or conditions of additional financings unattractive to us. If we are unable to generate sufficient funds from operations or raise additional capital, our growth could be impeded.

Our existing senior secured credit facility contains financial covenants, negative covenants and other restrictions and failure to comply with these requirements could cause the related indebtedness to become due and payable and limit our ability to incur additional debt.

The lenders obligation to extend credit under our existing senior secured credit facility depends upon our maintaining certain financial covenants. In particular, our senior secured credit facility requires us to maintain a consolidated leverage ratio and a consolidated fixed charge coverage ratio. Failure to maintain these ratios could result in an acceleration of outstanding amounts under the term loan and restrict us from borrowing amounts under the revolving credit facility to fund our future liquidity requirements. In addition, our senior secured credit facility contains certain negative covenants, which, among other things, limit our ability to:

- incur additional indebtedness;

pay dividends and make other restrictive payments beyond specified levels;

create or permit liens;

dispose of certain assets;

make certain investments;

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engage in certain transactions with affiliates; and

consolidate, merge or transfer all or substantially all of our assets.

Our ability to make scheduled payments and comply with financial covenants will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to other financial, business and other factors beyond our control described herein.

We have incurred and expect to continue to incur significantly increased costs as a result of operating as a public company, and our management will continue to devote substantial time to compliance efforts.

Prior to our initial public offering, we had not been subject to the reporting requirements of the Exchange Act or the other rules and regulations of the SEC or Nasdaq. The Dodd-Frank Act and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as related rules implemented by the SEC, have required changes in corporate governance practices of public companies. Following our initial public offering, we identified those areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. These areas included corporate governance, corporate control, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We have made, and may continue to make, changes in these and other areas. Ongoing compliance with the various reporting and other requirements applicable to public companies also requires considerable time and attention of management, particularly if we are no longer an emerging growth company. In addition, rules that the SEC is implementing or is required to implement pursuant to the Dodd-Frank Act are expected to require additional changes. We expect that continued compliance with these and other similar laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act, will continue to increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly compared to when we were a private company. These laws, rules and regulations also make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage, which may make it more difficult for us to attract and retain qualified persons to serve on our board of directors or as officers. Although the JOBS Act has, and for a limited period of time may, somewhat lessen the cost of complying with these additional regulatory and other requirements, we nonetheless expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our results of operations and financial condition.

The JOBS Act allows us to postpone the date by which we must comply with certain laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC. We cannot be certain if this reduced disclosure will make our common stock less attractive to investors.

The JOBS Act is intended to reduce the regulatory burden on emerging growth companies. As defined in the JOBS Act, a public company whose initial public offering of common equity securities occurred after December 8, 2011 and whose annual gross revenue is less than $1.0 billion will, in general, qualify as an emerging growth company until the earliest of:

the last day of its fiscal year following the fifth anniversary of the date of its initial public offering of common equity securities;

the last day of its fiscal year in which it has annual gross revenue of $1.0 billion or more;

the date on which it has, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and

the date on which it is deemed to be a large accelerated filer, which will occur at such time as the company (1) has an aggregate worldwide market value of common equity securities held by non-affiliates of $700.0 million or more as of the last business day of its most recently completed second fiscal quarter, (2) has been required to file annual and quarterly reports under the Exchange Act for a period of at least 12 months and (3) has filed at least one annual report pursuant to the Exchange Act.

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Under this definition, we will be an emerging growth company upon completion of this offering and could remain an emerging growth company until as late as December 26, 2020. For so long as we are an emerging growth company, we will, among other things:

- not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act;
- not be required to hold a nonbinding advisory stockholder vote on executive compensation pursuant to Section 14A(a) of the Exchange Act;
- not be required to seek stockholder approval of any golden parachute payments not previously approved pursuant to Section 14A(b) of the Exchange Act;
- be exempt from any rule adopted by the Public Company Accounting Oversight Board, requiring mandatory audit firm rotation or a supplemental auditor discussion and analysis; and
- be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This permits an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Furthermore, if we take advantage of some or all of the reduced disclosure requirements above, we cannot predict if investors will find our common stock less attractive. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

As a public reporting company, we are subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to remediate material weaknesses in our internal controls over financial reporting or otherwise establish and maintain effective internal controls over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.

As a public reporting company we are subject to the rules and regulations established from time to time by the SEC and Nasdaq. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal controls over financial reporting. Reporting obligations as a public company have placed, and may continue to place, a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. In addition, as a public company we are required to document and test our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal controls over financial reporting by the time our second annual report is filed with the SEC and thereafter, which will require us to document and make significant changes to our internal controls over financial reporting. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting at such time as we cease to be an emerging growth company, as defined in the JOBS Act, although, as described in the preceding risk factor, we could potentially qualify as an emerging growth company until December 26, 2020.

In connection with the audit of our financial statements for the years ended December 28, 2013 and December 29, 2012, we identified material weaknesses related to a lack of sufficient information technology controls, policies and procedures, a lack of adequate accounting policies and procedures and a lack of internal control procedures related to the accounting for income taxes. A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected in a timely basis. The material weaknesses related to the lack of adequate accounting policies and procedures and income taxes no longer existed as of December 27, 2014. Following the identification of these material weaknesses, we made investments in our accounting resources, including the hiring of a new CFO and controller, documenting policies and procedures, and implementing new controls, such as enhanced internal review procedures during the financial reporting and disclosure process. We also continue to make additional enhancements to our accounting policies and procedures and internal control procedures related to the accounting for income taxes. In addition, we continue to take the necessary steps to remediate the material weakness regarding information technology that existed as of December 27, 2014. We expect to incur costs related to implementing an internal audit and compliance function in the upcoming years to further improve our internal control environment. If we fail to effectively remediate deficiencies in our control environment or are unable to implement and maintain effective internal control over information technology, financial reporting and disclosure controls to meet the demands that are placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. In addition, if there are any future material weaknesses that impact our ability to prepare timely and accurate financial statements, this may cause a default under our senior secured credit facility, which could result in our inability to access funds or result in an acceleration of such facility.

If our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if our independent registered public accounting firm cannot render an unqualified opinion on management s assessment and the effectiveness of our internal control over financial reporting, when required, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public and investor confidence, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our results of operations and financial condition.

An impairment in the carrying value of our goodwill or other intangible assets could adversely affect our financial condition and consolidated results of operations.

We review goodwill for impairment annually, or whenever circumstances change in a way which could indicate that impairment may have occurred, and record an impairment loss whenever we determine impairment factors are present. Significant impairment charges could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to this Offering and Ownership of our Common Stock

Roark and its affiliates will continue to have significant influence over us after this offering and may also pursue corporate opportunities independent of us that could present potential conflicts with our and our stockholders interests.

Upon consummation of this offering, Roark will beneficially own, in the aggregate, approximately % of our outstanding common stock, assuming no exercise of the underwriters option to purchase additional shares of common stock. See Principal and Selling Stockholders for more information on our beneficial ownership. As a result, Roark will continue to be able to influence matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation and approval of significant corporate transactions and will continue to have significant control over our management and policies. Three of the 7 members of our board of directors are employees of Roark Capital Management, which is an affiliate of Roark. Roark can take actions that have the effect of delaying or preventing a change of control of us or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The concentration of voting power with Roark may have an adverse effect on the price of our common stock. The interests of Roark may not be consistent with your interests as a stockholder. After the lock-up period expires, Roark will be able to transfer their common stock to a third-party, without the approval of our board of directors or our other stockholders, which would result in a different party having significant influence over us.

Our amended and restated certificate of incorporation provides that the doctrine of corporate opportunity does not apply against Roark, or any of our directors who are employees of or affiliated with Roark, in a manner that would prohibit them from investing or participating in competing businesses. To the extent Roark affiliated funds invest in such other businesses, they may have differing interests than our other stockholders. For example, Roark affiliated funds currently own and may choose to own in the future other restaurant brands through other investments, which may compete with our brands. Accordingly, the interests of Roark may supersede ours, causing it or its affiliates to compete against us or to pursue opportunities instead of us, for which we have no recourse. These actions on the part of Roark and inaction on our part could adversely impact our business, financial condition and results of operations.

Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the public offering price.

The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including those described under Risks Related to Our Business and the following:

- potential fluctuation in our annual or quarterly operating results;
- changes in capital market conditions that could affect valuations of restaurant companies in general or our goodwill in particular or other adverse economic conditions;
- changes in financial estimates by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- downgrades by any securities analysts who follow our common stock;
- future sales of our common stock by our officers, directors and significant stockholders;
- global economic, legal and regulatory factors unrelated to our performance;
- investors perceptions of our prospects;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures or capital commitments; and

investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives.

In addition, the stock markets, and in particular Nasdaq, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many food service companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. The shares of common stock offered in this offering will be freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

Roark has the right, subject to certain conditions, to require us to file additional registration statements registering additional shares of common stock, and Roark and certain other stockholders have the right to require us to include shares of common stock in registration statements that we may file for ourselves or Roark. In order to exercise these registration rights, the holder must be permitted to sell shares of its common stock under applicable lock-up restrictions described below. Subject to compliance with applicable lock-up restrictions and restrictions under the registration rights agreement (both of which may be waived), shares of common stock sold under these registration statements can be freely sold in the public market. In the event such registration rights are exercised and a large number of shares of common stock are sold in the public market, such sales could reduce the trading price of our common stock. These sales also could impede our ability to raise future capital. See Shares Eligible for Future Sale Registration Rights Agreement. In addition, we will incur certain expenses in connection with the registration and sale of such shares.

We, each of our officers and directors and all of our stockholders have agreed, subject to certain exceptions, with the underwriters not to dispose of or hedge any of the shares of common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 90 days after the date of this prospectus, except, in our case, for the issuance of common stock upon exercise of options under existing option plans. Morgan Stanley and Jefferies may, in their sole discretion, release any of these shares from these restrictions at any time without notice. See Underwriters.

All of our shares of common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders 90 days after the date of this prospectus, subject to applicable volume and other limitations imposed under federal securities laws and subject to the transfer restrictions of certain stockholders set forth in stock transfer restriction agreements. See Shares Eligible for Future Sale for a more detailed description of the restrictions on selling shares of our common stock after this offering.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 15,000,000 shares of undesignated preferred stock;

- require that, after the investment funds associated with Roark collectively own less than 50% of our outstanding common stock, which we expect to occur after this offering, any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

specify that special meetings of our stockholders can be called only upon the request of a majority of our board of directors or, at the request of RC II WS so long as RC II WS (or its affiliates) owns at least 10% of the voting power of all outstanding shares of our common stock;

establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;

establish that our board of directors is divided into three classes, with each class serving three-year staggered terms; and

prohibit cumulative voting in the election of directors.

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These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management, and may discourage, delay or prevent a transaction involving a change of control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts. In addition, because we are incorporated in Delaware, we have opted out of Section 203 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, but our amended and restated certificate of incorporation provides that engaging in any of a broad range of business combinations with any interested stockholder (any stockholder with 15% or more of our capital stock) for a period of three years following the date on which the stockholder became an interested stockholder is prohibited, subject to certain exceptions. Our amended and restated certificate of incorporation contains provisions that have the same effect as Section 203 of the DGCL, except that they provide RC II WS, any affiliated investment entity and any of their respective direct or indirect transferees of at least 15% of our outstanding common stock and any group as to which such persons are party to, do not constitute interested stockholders for purposes of this provision.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers and employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation. This choice of forum provision may limit our stockholders ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find this provision of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs which could have a material adverse effect on our business, financial condition or results of operations.

We do not expect to pay any cash dividends for the foreseeable future following this offering.

The continued operation and expansion of our business may require substantial funding. Accordingly, we do not anticipate that we will pay any cash dividends on shares of our common stock for the foreseeable future following this offering. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions, including our senior secured credit facility and other indebtedness we may incur, restrictions imposed by applicable law and other factors our board of directors deems relevant.

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If securities analysts or industry analysts downgrade our shares, publish negative research or reports, or cease to publish reports about our business, our share price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our shares or our competitors stock, our share price would likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. As a result, the market price for our common stock may decline below the offering price and you might not be able to resell your shares of our common stock at or above the offering price.

Although we will not be a controlled company within the meaning of the rules of Nasdaq upon completion of this offering, during the phase-in period we may continue to rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

Upon completion of our initial public offering, Roark beneficially owned more than 50% of the total voting power of our common stock and, as a result, we are a controlled company under Nasdaq corporate governance listing standards. As a controlled company, we are exempt under Nasdaq listing standards from the obligation to comply with certain of Nasdaq s corporate governance requirements, including the requirements:

- that a majority of our board of directors consist of independent directors, as defined under the rules of Nasdaq;
- that we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities.

Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Following this offering, we will no longer be a controlled company within the meaning of the rules of Nasdaq. Under Nasdaq rules, a company that ceases to be a controlled company must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees on the following phase-in schedule: (1) one independent committee member at the time it ceases to be a controlled company, (2) a majority of independent committee members within 90 days of the date it ceases to be a controlled company and (3) all independent committee members within one year of the date it ceases to be a controlled company. Additionally, Nasdaq rules provide a 12-month phase-in period from the date a company ceases to be a controlled company to comply with the majority independent board requirement. During these phase-in periods, our stockholders will not have the same protections afforded to stockholders of companies of which the majority of directors are independent. Additionally, if, within the phase-in periods, we are not able to recruit additional directors who would qualify as independent, or otherwise comply with Nasdaq rules, we may be subject to enforcement actions by Nasdaq. Furthermore, a change in our board of directors and committee membership may result in a change in corporate strategy and operation philosophies, and may result in deviations from our current growth strategy.

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FORWARD-LOOKING STATEMENTS

This prospectus contains statements about future events and expectations that constitute forward-looking statements. Forward-looking statements are based on our beliefs, assumptions and expectations of our future financial and operating performance and growth plans, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the expectations of future results we express or imply in any forward-looking statements and you should not place undue reliance on such statements. Factors that could contribute to these differences include, but are not limited to, the following:

- overall macroeconomic conditions may impact our ability to successfully execute our growth strategy and franchise and open new restaurants that are profitable and to increase our revenue and operating profits;
- the impact of the operating results of our and our franchisees existing restaurants on our financial performance;
- the impact of new restaurant openings on our financial performance;
- our ability to recruit and contract with qualified franchisees and to open new franchise restaurants;
- our ability to develop and maintain the Wingstop brand, including through effective advertising and marketing and the support of our franchisees and the negative impact of actions of a franchisee, acting as an independent third party, could have on our financial performance or brand;
- our and our franchisees reliance on vendors, suppliers and distributors or changes in food and supply costs, including any increase in the prices of the ingredients most critical to our menu, particularly bone-in chicken wings;
- our and our franchisees ability to compete with many other restaurants and to increase domestic same store sales and average weekly sales;
- our ability to successfully meet or exceed the expectations of securities analysts or investors concerning our annual or quarterly operating results, domestic same store sales or average weekly sales;
- our expansion into new markets may present increased risks due to our unfamiliarity with those areas;

the reliability of our, our franchisees and our licensees information technology systems and network security, including costs resulting from breaches of security of confidential guest, franchisee or employee information;