As filed with the Securities and Exchange Commission on July 9, 2020.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Vital Farms, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	2000	27-0496985
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

3601 South Congress Avenue
Suite C100
Austin, Texas 78704
(877) 455-3063
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Russell Diez-Canseco
President and Chief Executive Officer
Vital Farms, Inc.
3601 South Congress Avenue
Suite C100
Austin, Texas 78704
(877) 455-3063
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Nicole Brookshire Darren DeStefano Jaime L. Chase Cooley LLP 55 Hudson Yards New York, NY 10001 (212) 479-6000	Jason Dale Chief Operating Officer and Chief Financial Officer Vital Farms, Inc. 3601 South Congress Avenue Suite C100 Austin, TX 78704 (877) 455-3063	Marc Jaffe Cathy Birkeland Alexa Berlin Latham & Watkins LLP 885 Third Avenue New York, NY 10022 (212) 906-1200

Approximate date of commencement of proposed sale to the public: **As soon as practicable after this registration statement is declared effective.**

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, par value $0.0001 per share	$100,000,000	$12,980

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant will file a further amendment which specifically states that this Registration Statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement will become effective on such date as the Securities and Exchange 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 and the selling stockholders 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 nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated July 9, 2020

Shares

Common Stock

This is an initial public offering of shares of common stock of Vital Farms, Inc. We are offering shares of common stock and the selling stockholders identified in this prospectus are offering an additional shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price for our common stock will be between $ and $ per share. We have applied to list our common stock on The Nasdaq Stock Market under the symbol "VITL."

We are an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

We elected in October 2017 to be treated as a public benefit corporation under Delaware law. As a public benefit corporation we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our certificate of incorporation. Accordingly, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 18 to read about factors you should consider before buying our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to Vital Farms, Inc.	$	$
Proceeds, before expenses, to the selling stockholders	$	$

(1) See the section titled "Underwriting" for additional information regarding compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of common stock from the selling stockholders at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares of common stock to purchasers on ,2020.

Goldman Sachs & Co. LLC **Morgan Stanley** **Credit Suisse**

Jefferies

BMO Capital Markets **Stifel**

Prospectus dated , 2020.

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We are on a mission to bring ethically produced food to the table.

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Prospectus

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we, the selling stockholders nor any of the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we, the selling stockholders nor any of the underwriters take responsibility for, or can provide any assurance as to the reliability of, any other information that others may give you. We, the selling stockholders and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only under circumstances and in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

For investors outside the United States: Neither we, the selling stockholders nor any of the underwriters have done anything that would permit this offering or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the

United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, this offering and the possession and distribution of this prospectus outside of the United States.

"Vital Farms" and our other registered and common law trade names, trademarks and service marks are the property of Vital Farms, Inc. or our subsidiaries. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert their rights thereto.

We refer to our Series B redeemable convertible preferred stock, Series C redeemable convertible preferred stock and Series D redeemable convertible preferred stock as our "convertible preferred stock" in this prospectus.

GLOSSARY

Unless we otherwise indicate, or unless the context requires otherwise, any references in this prospectus to the following key business terms have the respective meaning set forth below:

"**Branded eggs**" are eggs other than private label.

"**Breaker plants**" is a processor which converts shell eggs into further processed egg products.

"**Cage-free**" refers to eggs that come from hens that are not housed in cages.

"**Clean label**" refers to food products containing natural, familiar, simple ingredients that are easy to recognize, understand and pronounce, with no artificial ingredients or synthetic chemicals.

"Crew members" is a term we use to refer to our employees.

"**Egg Central Station**" refers to our approximately 82,000 square foot shell egg grading and packing facility in Springfield, Missouri, which is centrally located within our network of small family farms.

"**Hatchery**" refers to a place where poultry eggs are hatched under controlled conditions for commercial purposes.

"**Organic**" is a term regulated by the U.S. Department of Agriculture, or USDA, and refers to items the contents of which are 95% or more certified organic, meaning free of synthetic additives like pesticides, chemical fertilizers and dyes, and must not be processed using industrial solvents, irradiation or genetic engineering. The remaining 5% may only be foods or processed with additives on an approved list.

"**Pasture Belt**" is a term we use that refers to the U.S. region, including Arkansas and Georgia, and portions of Alabama, Illinois, Kansas, Kentucky, Mississippi, Missouri, Oklahoma, North Carolina, South Carolina, Tennessee and Texas, where pasture-raised eggs can be produced year-round.

"**Pasture raised**" refers to products produced from animals that were raised for at least some portion of their lives on pasture or with access to a pasture, not continually confined indoors.

"**Pullet**" refers to a young hen, especially less than 24 weeks old.

"Refrigerated value-added dairy category" includes cream, half & half, yogurt, cheese (including cream cheese and cheese spreads), sour cream and cottage cheese, but excludes milk and butter.

"**Retail SKUs**" refers to stock keeping units for discrete products (at universal product code level) that are sold through retail channels.

"**Traceable**" is the ability to track food through production, processing and distribution, including importation and at retail.

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business and the markets for our products. Some market data and statistical information contained in this prospectus are also based on management's estimates and calculations, which are derived from our review and interpretation of the independent sources listed below, our internal research and knowledge of our market. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the projections and estimates made by the independent third parties and us.

Unless otherwise expressly stated, we obtained industry, business, market and other data from the reports, publications and other materials and sources listed below. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

The sources of certain statistical data, estimates and forecasts contained in this prospectus include the following independent industry publications or reports:

- Certified Humane, Humane Farm Animal Care, Animal Care Standards, February 1, 2018 Standards, Egg Laying Hens.
- SPINS, LLC, Panel Data, Refrigerated Eggs, 52 Weeks Ending March 1, 2020.
- SPINS, LLC, Refrigerated Eggs & Refrigerated Butter – MULO Channel and Natural Channel, 52 Weeks Ending December 31, 2017, December 30, 2018 and December 29, 2019.
- SPINS, LLC, Refrigerated Eggs & Refrigerated Butter – Natural Channel, 52 Weeks Ending March 22, 2020.
- SPINS, LLC, Refrigerated Eggs, Refrigerated Butter and Refrigerated Hard Boiled, MULO Channel and Natural Enhanced Channel, 52 Weeks Ending January 3, 2016, January 1, 2017, December 31, 2017, December 30, 2018 and December 29, 2019.
- SPINS, LLC, Refrigerated Eggs, Refrigerated Butter and Refrigerated Hard Boiled, MULO Channel and Natural Enhanced Channel, 52 Weeks Ending March 22, 2020.
- SPINS, LLC, Refrigerated Eggs, Refrigerated Butter and Refrigerated Hard Boiled – MULO Channel and Natural Channel, 13 Weeks Ending March 31, 2019 and March 29, 2020.
- SPINS, LLC, "State of the Natural Industry," www.spins.com/spins-state-of-the-natural-industry-report, August 26, 2019.
- USDA AMS, "Utilization of Eggs Produced in the U.S.," 2019, https://unitedegg.com/facts-stats.
- Whole Foods Market, Inc., Refrigerated Eggs, Refrigerated Butter and Refrigerated Hard Boiled, 52 Weeks Ending January 3, 2016, January 1, 2017, December 31, 2017, December 30, 2018, December 29, 2019 and March 22, 2020.
- Whole Foods Market, Inc., Refrigerated Eggs, Refrigerated Butter and Refrigerated Hard Boiled – MULO Channel and Natural Channel, 13 Weeks Ending March 31, 2019 and March 29, 2020.

PROSPECTUS SUMMARY

This summary highlights selected information included elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, all references in this prospectus to "Vital Farms," the "company," "we," "our," "us" or similar terms refer to Vital Farms, Inc. and its subsidiaries.

Overview

Vital Farms is an ethical food company that is disrupting the U.S. food system. We have developed a framework that challenges the norms of the incumbent food model and allows us to bring high-quality products from our network of small family farms to a national audience. This framework has enabled us to become the leading U.S. brand of pasture-raised eggs and butter and the second largest U.S. egg brand by retail dollar sales. Our ethics are exemplified by our focus on the humane treatment of farm animals and sustainable farming practices. We believe these standards produce happy hens with varied diets, which produce better eggs. There is a seismic shift in consumer demand for ethically produced, natural, traceable, clean-label, great-tasting and nutritious foods. Supported by a steadfast adherence to the values on which we were founded, we have designed our brand and products to appeal to this consumer movement.

Our purpose is rooted in a commitment to Conscious Capitalism, which prioritizes the long-term benefits of each of our stakeholders (farmers and suppliers, customers and consumers, communities and the environment, crew members and stockholders). Our business decisions consider the impact on all of our stakeholders, in contrast with the factory farming model, which principally emphasizes cost reduction at the expense of animals, farmers, consumers, employees, communities and the environment. These principles guide our day-to-day operations and, we believe, help us deliver a more sustainable and successful business. Our approach has been validated by our financial performance and our designation as a Certified B Corporation, a certification reserved for businesses that balance profit and purpose to meet the highest verified standards of social and environmental performance, public transparency and legal accountability.

Our Ethical Decision-Making Model

Stakeholders	Guiding Principles
Farmers and Suppliers	• Forming strong relationships with our network of approximately 200 small family farms, who are the foundation of our resilient and reliable supply chain
Customers and Consumers	• Delivering the transparency and quality around food products that today's consumers demand
Crew Members	• Empowering our crew members by investing in their financial security, development and overall well-being
Community and Environment	• Investing in our community and being conscious stewards of the environment
Stockholders	• Building a sustainable company for the long term by delivering stockholder value

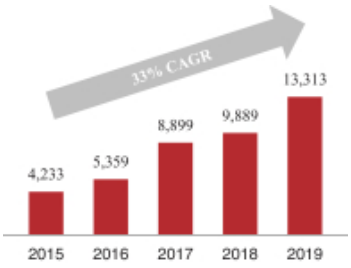
We have scaled our brand through our strong relationships with small family farms and deliberate efforts to design and build the infrastructure to bring our products to a national audience. Today, with a network of approximately 200 family farms, we believe our pasture-raised products have set the national standard for ethically produced food. We believe the success of our relationships with small family farms and the efficiency of our supply chain provide us with a competitive advantage in the approximately $45 billion U.S. natural food and beverage industry, in which achieving reliable supply at a national scale can be challenging. In 2017, we opened Egg Central Station, a shell egg processing facility in Springfield, Missouri, which is centrally located within our network of family farms. Egg Central Station is capable of packing three million eggs per day and has achieved Safe Quality Food, or SQF, Level 3 certification, the highest level of such certification from the Global Food Safety Initiative, or GFSI. In addition, Egg Central Station is the only egg facility, and we are one of only six companies, globally to have received the Safe Quality Food Institute, or SQFI, Select Site certification, indicating that the site has voluntarily elected to undergo annual unannounced recertification audits by SQFI, the organization responsible for administering a global food safety and quality program known as the SQF Program. The design of Egg Central Station includes investments in support of each of our stakeholders, from our crew members (daylighting, climate control, slip resistant floors in the egg grading room), to the community and environment (consulting with the community before we built the facility, restoring native vegetation on the property, best-in-class storm water management), to our customers and consumers (food safety and maintenance investments far beyond regulatory requirements). We believe owning and operating this important element of our supply chain is a key differentiator and provides us with a competitive advantage, which we intend to continue to leverage to grow both our net revenue and gross margin.

Our loyal and growing consumer base has fueled the expansion of our brand from the natural channel to the mainstream channel and facilitated our entry into the foodservice channel. As of March 2020, we offer 20 retail SKUs through a multi-channel retail distribution network across more than 13,000 stores. Our products generate stronger velocities and, we believe, greater profitability per unit for our retail customers in key traffic-generating categories as compared to products offered by our competitors. We believe we have significant room for growth within the retail and, in the medium- to long-term, foodservice channels and can capture this opportunity by growing brand awareness and through new product innovation. We also believe there are incremental growth opportunities in additional distribution channels, including the convenience, drugstore, club, military and international markets, which we may access along with retail growth opportunities to enable us to continue our net revenue growth.

We have built a sustainable company founded on ethically produced products that increasingly resonate with consumers. Our trusted brand and Conscious Capitalism-focused business model have resulted in significant growth. We have increased net revenue from $1.9 million in fiscal 2010 to $140.7 million in fiscal 2019, which represents a 61% compounded annual growth rate, or CAGR. From fiscal 2017 to fiscal 2019, we grew net revenue by 90% and the number of stores carrying our products increased by 50%. Going forward, we expect the consumer movement away from factory farming practices will continue to fuel demand for ethically produced food. According to a 2018 survey of nearly 30,000 international consumers, 62% want brands to have ethical values and demonstrate authenticity in all parts of their business. We believe these demands extend to the food industry and that consumers are recognizing the benefits of pasture-raised egg and dairy products. Management is committed to ensuring our values remain aligned with those of our consumers while delivering stockholder value.

Evidence of our historical success in continuing to scale our business is shown in the graphics below. All dates refer to the year ended December 31, except for 2018 and 2019, which refer to the fiscal year ended December 30 and December 29, respectively.

Number of Stores



Net Revenue
$MM

Gross Profit
$MM

Our History

Matthew O'Hayer and his wife Catherine Stewart founded Vital Farms in 2007 on a 27-acre plot of land in Austin, Texas. Armed with a small flock of hens, they maintained a strong belief that a varied diet and better animal welfare practices would lead to superior eggs. Our first sales came from farmers markets and restaurants around Austin and, less than a year later, our eggs were discovered by Whole Foods Market, Inc., or Whole Foods. Matt and Catherine saw the opportunity to do something more than sell eggs to a few stores. They chose to build a sustainable company that aligned with the family farming community and was able to profitably deliver quality products to a devoted consumer base. As our business has continued to grow, our model remains rooted in trust and mutual accountability with our farmers, who are and will remain core to our business.

In 2014, our current president and chief executive officer, Russell Diez-Canseco, joined Vital Farms and led the development of our large and scalable network of family farms. In 2015, recognizing the opportunity to elevate our production process and bolster long-term growth and profitability, we began the design process for Egg Central Station, which opened in 2017 in Springfield, Missouri. We meticulously designed Egg Central Station in service of all of our stakeholders by improving on the best practices we observed across numerous world-class facilities. Today, Egg Central Station is capable of packing three million eggs per day and has achieved SQF Level 3 certification, the highest level of such certification from the GFSI. In addition, Egg Central Station is the only egg facility, and we are one of only six companies, globally to have received the SQFI Select Site certification.

Demand for our high-quality products has enabled us to expand our brand beyond the natural channel and into the mainstream channel through relationships with Albertsons Companies, Inc., or Albertsons, The Kroger Co., or Kroger, Publix Super Markets, Inc., or Publix, Target Corporation, or Target, Walmart Inc., or Walmart, and numerous other national and regional food retailers. As of March 2020, our ethically produced pasture-raised products are sold in more than 13,000 stores nationwide. Over the course of our journey, our founder, Matthew O'Hayer, has continued to inform our strategic vision and remains intimately involved with the business as our executive chairman, going so far as to personally read and ensure a written response to each email and letter we receive from our loyal consumers.

Our Mission

Our mission is to bring ethically produced food to the table. We do this by partnering with family farms that operate within our strictly defined set of ethical food production practices. We are motivated by the influence we have on rural communities through creating impactful, long-term business opportunities for small family farmers. Moreover, we are driven to stand up for sustainable production practices that have been largely cast aside under the factory farming system. In our view, this system has been consistently misguided, focused on producing products at lowest cost rather than driving long-term and sustainable benefits for all stakeholders.

Since inception, our values have been rooted in the principles of Conscious Capitalism. We believe managing our business in the best interest of all of our stakeholders will result in a more successful and sustainable enterprise. A key premise of our business model is our consumer-centric approach, which focuses on identifying consumer needs and developing products that address these needs. While remaining committed to ethical decision-making, we have achieved strong financial performance and earned the Certified B Corporation designation, reflecting our role as a contributor to the global cultural shift toward redefining success in business in order to build a more inclusive and sustainable economy. We believe our consumers connect with Vital Farms because they love our products, relate to our values and trust our practices.

Industry Overview

We operate in the large and growing U.S. natural food and beverage industry that, according to SPINS, LLC data, was projected to generate total retail sales of approximately $47.2 billion in 2019, accounting for approximately 10.5% of total projected food and beverage sales, and was projected to grow at a 6.4% CAGR between 2017 and 2019, outpacing total projected food and beverage growth of 1.9% over the same period. Consumer awareness of the negative health, environmental and agricultural impacts of processed food and factory farming standards has resulted in increased consumer demand for ethically produced food. We believe this trend has had a meaningful impact on the growth of the natural food industry, which is increasingly penetrating the broader U.S. food market as mainstream retailers respond to consumer demand. We believe increased demand for natural food and a willingness to pay a premium for brands focused on transparency, sustainability and ethical values will continue to be a catalyst for our growth.

According to SPINS, LLC data, the U.S. shell egg market in 2019 accounted for approximately $5.4 billion in retail sales and has grown at a CAGR of 3.4% between 2017 and 2019. Our relatively low household penetration of 2%, or approximately 2.5 million U.S. households based on estimated U.S. census data, compared to the shell egg category penetration of approximately 93%, provides a significant long-term growth opportunity for our business. According to SPINS, LLC data, the U.S. pasture-raised retail egg market in 2019 accounted for approximately $177.0 million in retail sales and has grown at a CAGR of 31.7% between 2017 and 2019, while the specialty egg (including pasture-raised, free-range and cage-free) market in 2019 accounted for approximately $1.0 billion in retail sales and has grown at a CAGR of 7.5% between 2017 and 2019. Additionally, we estimate that the U.S. processed egg market in 2019 accounted for approximately $2.7 billion in retail sales. According to SPINS, LLC data, the U.S. butter market in 2019 accounted for approximately $3.3 billion in retail sales and has grown at a CAGR of 2.7% between 2017 and 2019. We believe the strength of our platform, coupled with significant investments in our crew members and infrastructure, position us to continue to deliver industry-leading growth across new and existing categories.

Our Strengths

Trusted Brand Aligned with Consumer Demands

We believe consumers have grown to trust our brand because of our adherence to our values and a high level of transparency. We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethical, great-tasting and nutritious foods. Growing public awareness of major issues connected to animal farming, including human health, climate change and resource conservation, is closely aligned with our ethical mission. We believe consumers are increasingly focused on the source of their food and are willing to pay a premium for brands that deliver transparency, sustainability and integrity. As a company focused on driving the success of our stakeholders, our brand resonates with consumers who seek to align themselves with companies that share their values. Through our Vital Times newsletter and social media presence, we cultivate and support our relationship with consumers by communicating our values, building trust and promoting brand loyalty. For example, a survey we conducted in November 2019 found that 31% of our consumers surveyed insist on purchasing our egg brand and would not purchase another in its place.

Strategic and Valuable Brand for Retailers

Our historical performance has demonstrated that we are a strategic and valuable partner to retailers. We have innovated and grown into adjacent food categories while reaching a broad set of consumers through a variety of retail partners, including Albertsons, Kroger, Publix, Target and Walmart. As of March 2020, we are the number one or two egg brand by retail dollar sales for branded eggs with key customers such as Kroger, Sprouts Farmers Market, or Sprouts, Target and Whole Foods. We believe the success of our brand demonstrates that consumers are demanding premium products that meet a higher ethical standard. We have expanded into the mainstream channel while still continuing to command premium prices for our ethically produced products, which sell for as much as three times the price of commodity eggs. We believe that our products are more attractive to retail customers because they help generate growth, deliver strong gross profits and drive strong velocities, as represented by the natural channel velocities depicted below.

Vital Farms Natural Channel Velocity versus All Other Competitors (1)

Refrigerated Eggs (2)

Refrigerated Butter (3)

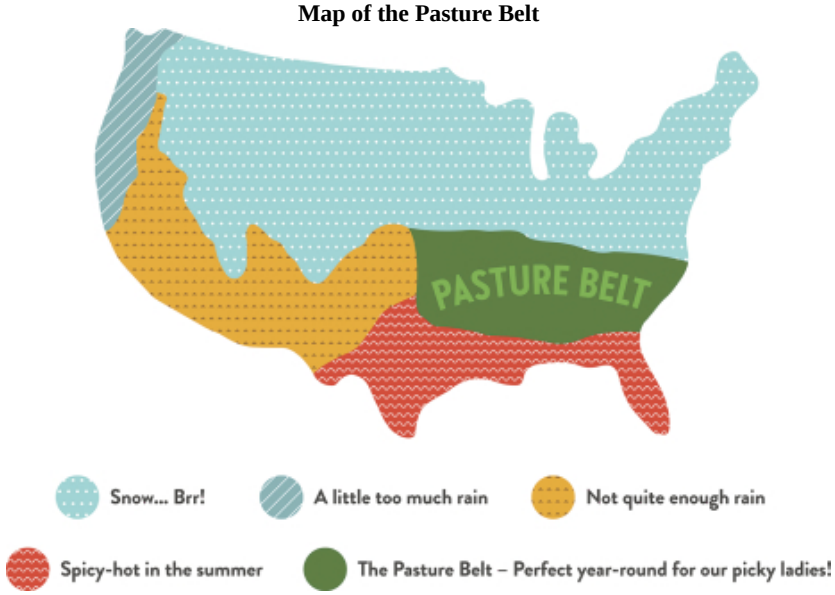
Source: Refrigerated Eggs & Refrigerated Butter - SPINS, LLC, Natural Channel, 52 Weeks Ending March 22, 2020

(1) Channel Velocity ($ / Store / Item / Week) is defined as weekly sales per store per item of products sold in retailers included in the Natural Channel.
(2) Refrigerated egg competitors represent shell eggs in the Natural Channel.
(3) Refrigerated butter competitors represent butter brands in the Natural Channel, excluding clotted cream and clarified butter.

Supply Chain Rooted in Commitment to Our Stakeholders

Our ongoing commitment to the social and economic interests of our stakeholders guides our supply chain decisions. We carefully select and partner with family farms in the Pasture Belt, the U.S. region where pasture-raised eggs can be produced year-round. We establish supply contracts that we believe are attractive for all parties, demonstrate our commitment to our network of small family farms through educational programs that transfer critical best practice knowledge and pay farmers competitive prices for high-quality pasture-raised eggs. We believe our commitment to farmers facilitates more sustainable farm operations and significantly reduces turnover. Our network of small family farms gives us a strategic advantage through a scaled and sustainable supply chain and allows us to go to market with the highest quality pasture-raised premium products.

Map of the Pasture Belt



Experienced and Passionate Team

We have an experienced and passionate executive management team that we refer to as the "C-crew," which has approximately 60 years of combined industry experience and includes our president and chief executive officer, Russell Diez-Canseco, a seasoned food industry expert with over 16 years of relevant experience, including at H-E-B, a privately held supermarket chain. Our C-crew works in partnership with Matthew O'Hayer, our founder and executive chairman, who continues to inform our strategic vision with the entrepreneurial perspective gained through over 40 years of building businesses. We also have a deep bench of talent with strong business and operational experience, and crew members at all levels of our organization are passionate about addressing the needs of our stakeholders. We have leveraged the experience and passion of our C-crew, our founder and executive chairman and our other crew members to grow net revenue over 390% since the beginning of 2014, to enter our second major food category, butter, and to build our first shell egg processing facility, Egg Central Station.

Our Growth Strategies

We believe our investments in our brand, our stakeholders and our infrastructure position us to continue delivering industry-leading growth that outpaces both the natural food industry and the overall food industry.

Expand Household Penetration through Greater Consumer Awareness

Critical to the success of our mission is our ability to share the Vital Farms story with a broader audience. By educating consumers about our brand, our values and the premium quality of our products, we intend to increase our household penetration. Our relatively low household penetration of 2% for our pasture-raised shell eggs, compared to the shell egg category penetration of approximately 93%, shows that expanding the national presence of our brand offers a significant runway for future growth.

We are well positioned to increase household penetration of our products given their alignment with consumer trends and approachability with consumers. We intend to increase the number of consumers who buy our products by using digitally integrated media campaigns, social media tools and other owned media channels. We believe these efforts will educate consumers on our ethical values and the attractive attributes of our pasture-raised products, generate further demand for our products and ultimately expand our consumer base.

Grow Within the Retail Channel

By leveraging greater consumer awareness and demand for our brand, we believe there is significant opportunity to grow volume with existing retail customers. Our products generate stronger velocities and, we believe, greater profitability per unit for our retail customers in the categories in which we compete. By capturing greater shelf space, driving higher product velocities and increasing our SKU count, we believe there is meaningful runway for further growth with existing retail customers. Beyond our existing retail footprint, we believe there is significant opportunity to gain incremental stores from existing retail customers as well as to add new retail customers. We also believe there are significant further long-term opportunities in additional distribution channels, including the convenience, drugstore, club, military and international markets.

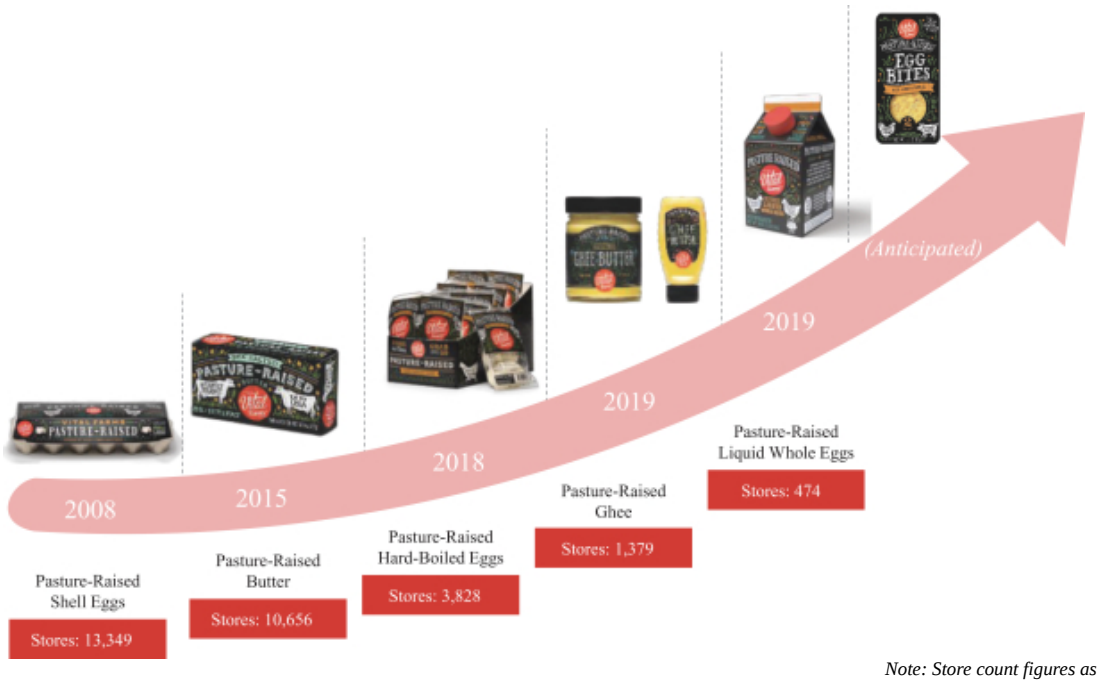
Expand Footprint across Foodservice

We believe there is significant demand for our products in the foodservice channel. We see significant opportunity for medium- to long-term growth in this channel through sales to foodservice operators supported by joint marketing and advertising. Our brand has a differentiated value proposition with consumers, and we believe consumers are increasingly demanding ethically produced ingredients when they eat outside of the home. We believe that more consumers will look for our products on menus, particularly with foodservice partners whose values are aligned with our own and that on-menu branding of our products as ingredients in popular meals and menu items will drive traffic and purchases in the foodservice channel. An example of our recent foodservice growth initiative is our relationship with Tacodeli, which sells breakfast tacos made exclusively with our pasture-raised shell eggs across 11 restaurant locations and more than 100 points of distribution, such as coffee shops and farmers market stands, across Texas. We believe branded foodservice offerings will further drive consumer awareness of our brand and purchase rates of our products in the retail channel.

Extend Our Product Offering through Innovation

The successes of our core products have confirmed our belief that there is significant demand for pasture-raised and ethically produced food products. We expect to continue to extend our product offerings through innovation in both new and existing categories, including with our anticipated future launch of pasture-raised egg bites. As shown below, our current offerings span five product categories. In 2018, we launched the only pasture-raised hard-boiled eggs in the U.S. market, and in 2019, we launched both ghee and liquid whole eggs, the latter of which are the only pasture-raised liquid whole eggs in the U.S. market.

Demonstrated Track Record of Portfolio Expansion



Note: Store count figures as of March 22, 2020.

The success of our product portfolio and our proprietary consumer surveys confirm our belief that there is significant demand for our brand across a wide spectrum of food categories. Within this broader market, we believe the U.S. refrigerated value-added dairy category represents a total addressable market of $33.2 billion and is the closest adjacency and best near-term opportunity for our brand. We have several products in our innovation pipeline that we believe will be successful in these adjacent markets.

Risk Factors Summary

Investing in our common stock involves substantial risks. The risks described in the section titled “Risk Factors” immediately following this summary may cause us to not realize the full benefits of our strengths or to be unable to successfully execute all or part of our strategy. Some of the more significant risks include the following:

- The COVID-19 pandemic could have a material adverse impact on our business, results of operations and financial condition.
- Our recent, rapid growth may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our future growth or evaluate our future prospects, our business could be adversely affected.
- We are dependent on the market for shell eggs.
- Sales of pasture-raised shell eggs contribute the vast majority of our revenue, and a reduction in these sales would have an adverse effect on our financial condition.

- We have incurred net losses in the past and we may not be able to maintain or increase our profitability in the future.
- Fluctuations in commodity prices and in the availability of feed grains could negatively impact our results of operations and financial condition.
- If we fail to effectively expand our processing, manufacturing and production capacity as we continue to grow and scale our business, our business and operating results and our brand reputation could be harmed.
- We are currently expanding Egg Central Station, and we may not successfully complete construction of or commence operations in this expansion, or the expanded facility may not operate in accordance with our expectations.
- If we fail to effectively maintain or expand our network of small family farms, our business, operating results and brand reputation could be harmed.
- Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of pasture-raised eggs and milk and other raw materials that meet our standards.
- We currently have a limited number of co-manufacturers. Loss of one or more of our co-manufacturers or our failure to timely identify and establish relationships with new co-manufacturers could harm our business and impede our growth.
- We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry and on animal-based products, in particular, and failure to develop or enrich our product offering or gain market acceptance of our new products could have a negative effect on our business.
- We use a limited number of distributors for the substantial majority of our sales, and if we experience the loss of one or more distributors and cannot replace them in a timely manner, our results of operations may be adversely affected.
- We are dependent on hatcheries and pullet farms to supply our network of family farms with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or results of operations.
- We source substantially all of our shell egg cartons from a sole source supplier and any disruptions may impact our ability to sell our eggs.
- Because we rely on a limited number of third-party vendors to manufacture and store our products, we may not be able to maintain manufacturing and storage capacity at the times and with the capacities necessary to produce and store our products or meet the demand for our products.
- Our brand and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition.
- Failure to introduce new products may adversely affect our ability to continue to grow.
- All of our pasture-raised shell eggs are processed at Egg Central Station in Springfield, Missouri. Any damage or disruption at this facility may harm our business.
- Demand for shell eggs is subject to seasonal fluctuations and can adversely impact our results of operations in certain quarters.
- Food safety and food-borne illness incidents or advertising or product mislabeling may materially and adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.

- Our operations are subject to FDA and USDA federal regulation, and there is no assurance that we will be in compliance with all regulations.
- As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.

Effects of COVID-19 on our Business

The COVID-19 pandemic and resulting global disruptions have affected our business, as well as the interests of our stakeholders. To serve our customers and communities while also providing for the safety of our crew members, farmers and suppliers, we have adapted numerous aspects of our logistics, transportation, supply chain, purchasing and third-party seller processes. Among other actions, we have prioritized processing and delivery of our core egg products, particularly our pasture-raised shell eggs. Additionally, we have restricted employee travel, cancelled certain events with consumers, customers or partners, imposed operational safeguards at Egg Central Station and limited access to our headquarters. We continue to monitor the rapidly evolving situation and expect to continue to adapt our operations to address federal, state and local standards as well as to implement standards or processes that we determine to be in the best interests of our stakeholders.

To the extent that these restrictions remain in place, additional prevention and mitigation measures are implemented in the future or there is uncertainty about the effectiveness of these or any other measures to contain or treat COVID-19, there is likely to be adverse impact on global economic conditions and consumer confidence and spending, which could materially and adversely affect our supply chain as well as the demand for our products. While at this time we are working to manage and mitigate potential disruptions to our supply chain, and we have not experienced decreases in demand or material financial impacts as compared to prior periods, the fluid nature of the COVID-19 pandemic and uncertainties regarding the related economic impact are likely to result in sustained market turmoil, which could also negatively impact our business, financial condition and cash flows.

Our Corporate Information

We were founded in 2007, originally incorporated in Texas in July 2009 and reincorporated in Delaware in June 2013, and we became a public benefit corporation in Delaware in October 2017. Our principal executive offices are located at 3601 South Congress Avenue, Suite C100, Austin, Texas 78704, and our telephone number is (877) 455-3063. Our website address is www.vitalfarms.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus or in deciding to purchase our common stock.

Certified B Corporation

While not required by Delaware law or the terms of our certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by B Lab, an independent non-profit organization. As a result of this assessment, in December 2015, we were designated as a “Certified B Corporation.” In order to be designated as a Certified B Corporation, companies are required to take a comprehensive and objective assessment of their positive impact on society and the environment. See the sections titled “Business—Certified B Corporation” and “Description of Capital Stock—Anti-Takeover Provisions—Public Benefit Corporation” for additional information.

Public Benefit Corporation Status

In connection with our Certified B Corporation status and as a demonstration of our long-term commitment to our mission to bring ethically produced food to the table by coordinating a collection of family farms to

operate with a well-defined set of organic agricultural practices that include the humane treatment of farm animals as a central tenet, we elected in October 2017 to be treated as a public benefit corporation under Delaware law. As provided in our certificate of incorporation, the public benefits that we promote, and pursuant to which we manage our company, are: (i) bringing ethically produced food to the table; (ii) bringing joy to our customers through products and services; (iii) allowing crew members to thrive in an empowering, fun environment; (iv) fostering lasting partnerships with our farms and suppliers; (v) forging an enduring profitable business; and (vi) being stewards of our animals, land, air and water, and being supportive of our community. Being a public benefit corporation underscores our commitment to our purpose and our stakeholders, including farmers and suppliers, consumers and customers, communities and the environment, crew members and stockholders. See the section titled "Business—Public Benefit Corporation" and "Description of Capital Stock—Anti-Takeover Provisions—Public Benefit Corporation Status" for additional information.

Our Fiscal Year

We report on a 52-53-week fiscal year, ending on the last Sunday in December, effective beginning with the first quarter of 2018. In a 52-53-week fiscal year, each fiscal quarter consists of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. Our first 53-week fiscal year will be fiscal 2023, which we expect to begin on December 26, 2022 and end on December 31, 2023. See Note 1 to our consolidated financial statements and Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details related to our fiscal calendar.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an emerging growth company, whichever is earlier. In addition, the JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until those standards apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Option to purchase additional shares of common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We estimate that our net proceeds from the sale of our common stock that we are offering will be approximately $ million (or approximately $ million if the underwriters' option to purchase additional shares of our common stock from us is exercised in full), assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. The principal purposes of this offering are to increase our capitalization and financial flexibility, to create a public market for our common stock and to facilitate our future access to the capital markets. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds we receive from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We currently expect that these capital expenditures will include approximately $15.0 million of net proceeds from this offering to further fund the expansion of Egg Central Station, additional funding for which may also come from cash on hand or borrowings under our credit facility with PNC Bank, National Association. We may also use a portion of the net proceeds we receive from this offering to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time.
See the section titled "Use of Proceeds" for additional information.	
Selling stockholders; concentration of ownership	The selling stockholders identified in this prospectus are selling an aggregate of shares of common stock in this offering and have granted the underwriters an option to purchase an additional shares of common stock. Following this offering, our executive officers, directors and

	stockholders holding more than 5% of our outstanding capital stock, together with their affiliates, will hold, in the aggregate, approximately % of our outstanding capital stock (excluding any shares purchased in the directed share program described below). See the section titled "Principal and Selling Stockholders" for additional information.
Directed share program	At our request, the underwriters have reserved for sale, at the initial public offering price per share, up to 5% of the shares of common stock offered by this prospectus to certain individuals, including our directors, employees and certain friends and family of Vital Farms identified by our directors and management, through a directed share program. Any shares purchased in the directed share program will not be subject to a lock-up restriction, except in the case of shares purchased by any director or executive officer. The number of shares of common stock available for sale to the general public will be reduced by the number of reserved shares sold to these individuals. Any reserved shares not purchased by these individuals will be offered by the underwriters to the general public on the same basis as the other shares of common stock offered under this prospectus. See the section titled "Underwriting."
Risk factors	You should carefully read the section titled "Risk Factors" beginning on page 18 and the other information included in this prospectus for a discussion of facts that you should consider before deciding to invest in shares of our common stock.
Proposed trading symbol	"VITL"

The number of shares of common stock that will be outstanding after this offering is based on 13,876,205 shares of common stock outstanding as of March 29, 2020, and excludes:

- 1,998,077 shares of common stock issuable on the exercise of outstanding stock options as of March 29, 2020 under our 2013 Incentive Plan, or 2013 Plan, with a weighted-average exercise price of $8.81 per share;
- shares of common stock issuable upon the exercise of outstanding stock options issued after March 29, 2020 pursuant to our 2013 Plan with a weighted-average exercise price of $ per share;
- 80,000 shares of common stock issued on June 9, 2020 upon the exercise of a common stock warrant;
- shares of common stock reserved for future issuance under our 2020 Equity Incentive Plan, or 2020 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for issuance thereunder, and any shares underlying outstanding stock awards granted under our 2013 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans";
- shares of our common stock issuable upon the exercise of stock options to be granted under our 2020 Plan upon the pricing of this offering with an exercise price per share equal to the initial public offering price per share;

- shares of our common stock issuable as restricted stock units to be granted under our 2020 Plan upon the pricing of this offering; and
- shares of common stock reserved for issuance under our 2020 Employee Stock Purchase Plan, or ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for future issuance thereunder.

In addition, unless we specifically state otherwise, the information in this prospectus assumes:

- a -for-one stock split of our common stock to be effected prior to the completion of this offering;
- the filing of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of shares of common stock, which will occur immediately prior to the completion of this offering;
- no exercise of the underwriters' option to purchase additional shares of common stock from the selling stockholders in this offering; and
- no exercise of the outstanding stock options described above.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for the fiscal years ended December 31, 2017, December 30, 2018 and December 29, 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary condensed consolidated statements of operations data for the fiscal quarters ended March 31, 2019 and March 29, 2020 and the summary condensed consolidated balance sheet data as of March 29, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and related notes and the information in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for any period in the future.

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Net revenue	$ 74,000	$ 106,713	$ 140,733	$ 32,945	$ 47,579
Cost of goods sold	55,612	71,894	97,856	21,439	31,724
Gross profit	18,388	34,819	42,877	11,506	15,855
Operating expenses:					
Selling, general and administrative(1)	14,261	19,437	29,526	5,164	9,678
Shipping and distribution	5,724	8,615	10,001	2,079	3,274
Total operating expenses	19,985	28,052	39,527	7,243	12,952
(Loss) income from operations	(1,597)	6,767	3,350	4,263	2,903
Other (expense) income, net					
Interest expense, net	(524)	(424)	(349)	(86)	(158)
Other income	9	9	1,417	1,269	20
Total other (expense) income, net	(515)	(415)	1,068	1,183	(138)
Net (loss) income before income taxes	(2,112)	6,352	4,418	5,446	2,765
Provision for income taxes	33	723	1,106	1,421	831
Net (loss) income	(2,145)	5,629	3,312	4,025	1,934
Less: Net (loss) income attributable to noncontrolling interests	(225)	$ (168)	$ 927	967	(11)
Net (loss) attributable to Vital Farms, Inc. common stockholders	$ (1,920)	$ 5,797	$ 2,385	$ 3,058	$ 1,945
Net (loss) income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic	$ (0.18)	$ 0.55	$ 0.23	$ 0.29	$ 0.18
Diluted	$ (0.18)	$ 0.40	$ 0.16	$ 0.21	$ 0.13
Weighted-average shares used to compute net (loss) income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic	10,486,127	10,491,737	10,527,332	10,659,342	10,545,647
Diluted	10,486,127	14,332,767	14,663,030	14,539,043	15,088,844
Pro forma net income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic			$		
Diluted			$		
Weighted-average shares used to compute pro forma net income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic					
Diluted					

(1) Includes stock-based compensation expense of $495, $600 and $1,029 for the fiscal years 2017, 2018 and 2019, respectively, and $143 and $448 for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.
(2) See Note 17 to our consolidated financial statements and Note 14 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net (loss) income per share attributable to Vital Farms, Inc. common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of March 29, 2020		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)(3)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 1,711	$	$
Working capital(4)	9,779		
Total assets	67,422		
Long-term debt, net of issuance costs, including current portion	10,216		
Contingent consideration, including current portion	582		
Total liabilities	33,181		
Convertible preferred stock	23,036		
Total stockholders' equity	11,030		

(1) The pro forma consolidated balance sheet data gives effect to (a) the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of shares of common stock and (b) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering.
(2) The pro forma as adjusted consolidated balance sheet data gives effect to (a) the items described in footnote (1) above and (b) our receipt of estimated net proceeds from the sale of shares of common stock that we are offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.
(3) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total assets, working capital and total stockholders' equity by $ million, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) each of cash and cash equivalents, total assets, working capital and total stockholders' equity by $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.
(4) Working capital is defined as current assets less current liabilities.

Non-GAAP Financial Measure—Adjusted EBITDA

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
			(in thousands)		
Non-GAAP Financial Measure:					
Adjusted EBITDA(1)(2)	$ (163)	$ 7,896	$ 6,406	$ 4,809	$ 3,799

(1) We calculate Adjusted EBITDA as net (loss) income, adjusted to exclude: (1) depreciation and amortization; (2) provision for income taxes; (3) stock-based compensation expense; (4) interest expense; (5) change in fair value of contingent consideration; (6) interest income; and (7) net litigation settlement gain.

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with generally accepted accounting principles in the United States, or GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA

include that (i) it does not properly reflect capital commitments to be paid in the future, (ii) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (iii) it does not consider the impact of stock-based compensation expense, (iv) it does not reflect other non-operating expenses, including interest expense, (v) it does not consider the impact of any contingent consideration liability valuation adjustments and (vi) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income and other results stated in accordance with GAAP.

(2) The following table presents a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure stated in accordance with GAAP, for each of the periods presented:

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands)				
Net (loss) income	$ (2,145)	$ 5,629	$ 3,312	$ 4,025	$ 1,934
Depreciation and amortization	821	1,437	1,921	356	456
Provision for income taxes	33	723	1,106	1,421	831
Stock-based compensation expense	495	600	1,029	143	448
Interest expense	524	424	349	86	158
Change in fair value of contingent consideration(a)	118	92	70	22	(23)
Interest income	(9)	(9)	(181)	(44)	(5)
Net litigation settlement gain(b)	—	(1,000)	(1,200)	(1,200)	—
Adjusted EBITDA	$ (163)	$ 7,896	$ 6,406	$ 4,809	$ 3,799

(a) Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs, LLC.
(b) For the fiscal year ended December 30, 2018, amount reflects an April 2018 gain in connection with the settlement of a lawsuit in which we were the plaintiff. For the fiscal year ended December 29, 2019 and the fiscal quarter ended March 31, 2019, amounts reflect a January 2019 gain in connection with the settlement of claims made pursuant to a lawsuit in which Ovabrite, Inc. was the defendant and a countersuit in which Ovabrite, Inc. was the plaintiff.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, before deciding whether to invest in shares of our common stock. If any of the following risks actually occurs, our business, results of operations and financial condition could be adversely affected. In this case, the trading price of our common stock would likely decline and you might lose part or all your investment.

Risks Related to Our Business, Our Brand, Our Products and Our Industry

The COVID-19 pandemic could have a material adverse impact on our business, results of operations and financial condition.

In connection with the COVID-19 pandemic, governments have implemented significant measures, including closures, quarantines, travel restrictions and other social distancing directives, intended to control the spread of the virus. Companies have also taken precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. To the extent that these restrictions remain in place, additional prevention and mitigation measures are implemented in the future, or there is uncertainty about the effectiveness of these or any other measures to contain or treat COVID-19, there is likely to be an adverse impact on global economic conditions and consumer confidence and spending, which could materially and adversely affect our supply chain as well as the demand for our products. While at this time we are working to manage and mitigate potential disruptions to our supply chain, and we have not experienced decreases in demand or material financial impacts as compared to prior periods, the fluid nature of the COVID-19 pandemic and uncertainties regarding the related economic impact are likely to result in sustained market turmoil, which could also negatively impact our business, financial condition and cash flows.

The impact of COVID-19 on any of our suppliers, co-manufacturers, distributors or transportation or logistics providers may negatively affect the price and availability of our raw materials and impact our supply chain. If the disruptions caused by COVID-19 continue for an extended period of time, our ability to meet the demands of our customers may be materially impacted. Additionally, while Egg Central Station, a shell egg processing facility we operate in Springfield, Missouri, remains operational, if we are forced to scale back hours of operation or close this facility in response to the pandemic, we expect our business, financial condition and results of operations would be materially and adversely affected.

Further, COVID-19 may impact customer and consumer demand. Retail and grocery stores may be impacted if governments continue to implement regional business closures, quarantines, travel restrictions and other social distancing directives to slow the spread of the virus. Further, to the extent our customers' operations are negatively impacted, our customers may reduce demand for or spending on our products, or customers or distributors may delay payments to us or request payment or other concessions. There may also be significant reductions or volatility in consumer demand for our products due to travel restrictions or social distancing directives, as well as the temporary inability of consumers to purchase our products due to illness, quarantine or financial hardship, shifts in demand away from one or more of our products, decreased consumer confidence and spending or pantry-loading activity, any of which may negatively impact our results, including as a result of an increased difficulty in planning for operations. Additionally, we may be unable to effectively modify our trade promotion and advertising activities to reflect changing consumer viewing and shopping habits due to event cancellations, reduced in-store visits and travel restrictions, among other things. Further, governmental restrictions on the movement of people, public gatherings and businesses are likely to result in fewer people eating out and greater numbers of restaurant closures, both of which would negatively affect our foodservice business.

The extent of COVID-19's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and

difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on our business. However, if the pandemic continues to persist as a severe worldwide health crisis, the disease could have a material adverse effect on our business, financial condition results of operations and cash flows, and may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our future growth or evaluate our future prospects, our business could be adversely affected.

We have grown rapidly since inception and anticipate further growth. For example, our net revenue increased from $74.0 million in fiscal 2017 to $106.7 million in fiscal 2018 to $140.7 million in fiscal 2019. The number of our full-time crew members increased from 144 at December 31, 2017 to 161 at December 29, 2019. This growth has placed significant demands on our management, financial, operational, technological and other resources. The anticipated growth and expansion of our business depends on a number of factors, including our ability to:

- increase awareness of our brand and successfully compete with other companies;
- price our products effectively so that we are able to attract new customers and consumers and expand sales to our existing customers and consumers;
- expand distribution to new points of sales with new and existing customers;
- continue to innovate and introduce new products;
- expand our supplier, co-manufacturing, co-packing, cold storage, processing and distribution capacities; and
- maintain quality control over our product offerings.

Such growth and expansion of our business will place significant demands on our management and operations teams and require significant additional resources, financial and otherwise, to meet our needs, which may not be available in a cost-effective manner, or at all. We expect to continue to expend substantial resources on:

- our current and future processing facilities;
- our sales and marketing efforts to increase brand awareness, engage our existing and prospective customers, and drive sales of our products;
- product innovation and development; and
- general administration, including increased finance, legal and accounting expenses associated with being a public company.

These investments may not result in the growth of our business. Even if these investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality product offerings, any of which could adversely affect our business, financial condition and results of operations.

We have incurred net losses in the past and we may not be able to maintain or increase our profitability in the future.

For the fiscal years ended December 30, 2018 and December 29, 2019, we generated net income of $5.6 million and $3.3 million, respectively. For the fiscal quarters ended March 31, 2019 and March 29, 2020, we

generated net income of $4.0 million and $1.9 million, respectively. However, we have experienced net losses in prior years, including a net loss of $2.1 million in fiscal 2017. Our ability to maintain or increase our profitability is subject to various factors, many of which are beyond our control. As we expand our operations, we anticipate that our operating expenses and capital expenditures will increase substantially in the foreseeable future as we continue to invest to increase our household penetration, customer base, supplier network, marketing channels and product portfolio, expand and enhance our processing, manufacturing and distribution facilities as needed, and hire additional crew members. Our expansion efforts may prove more expensive than we anticipate (including as a result of increases in equipment prices, which may be due to actual or threatened disruptions in our equipment supply chain relating to public health pandemics, such as COVID-19, trade wars or other factors), and we may not succeed in increasing our net revenue and margins sufficiently to offset the anticipated higher expenses. We have incurred significant expenses in connection with investing in our egg processing facility, our co-manufacturing and co-packing relationships, and obtaining and storing raw materials, and we will continue to incur significant expenses in developing our innovative products and marketing the products we offer. In addition, many of our expenses, including the costs associated with our existing and any future processing and manufacturing facilities, are fixed. After this offering, we also expect to incur significant additional legal, accounting and other expenses as a public company that we did not incur as a private company. If we fail to continue to grow our revenue at a greater rate than our costs and expenses, we may be unable to maintain or increase our profitability and may incur losses in the future.

We are dependent on the market for shell eggs.

We contract with family farms to purchase all of their egg production for the duration of our contracts. We are contractually obligated to purchase these eggs irrespective of our ability to sell such eggs. Periodically in our industry, including recently, there has been an oversupply of eggs, which has caused egg prices to contract, sometimes substantially so, and as a result we have sold or donated our excess supply at reduced prices or no cost. If we are unable to sell such eggs upon commercially reasonable terms or at all, our gross margins, business, financial condition and operating results may be adversely affected.

We also sell pasture-raised shell eggs to consumers at a premium price point, and when prices for commodity shell eggs fall relative to the price of our pasture-raised shell eggs, price-sensitive consumers may choose to purchase commodity shell eggs offered by our competitors at a greater velocity than, or instead of, our pasture-raised eggs. As a result, low commodity shell egg prices may adversely affect our business, financial condition and results of operations.

We also sell a small percentage of our shell eggs to wholesalers and egg breaking plants at commodity shell egg prices, which fluctuate widely and are outside our control. Small increases in production, or small decreases in demand, can have a large adverse effect on the prices at which these eggs are sold.

Sales of pasture-raised shell eggs contribute the vast majority of our net revenue, and a reduction in these sales would have an adverse effect on our financial condition.

Pasture-raised shell eggs accounted for approximately 94% of our net revenue in fiscal 2017, 89% of our net revenue in fiscal 2018 and 90% of our net revenue in fiscal 2019. Pasture-raised shell eggs accounted for approximately 90% of our net revenue in the fiscal quarter ended March 31, 2019 and 91% of our net revenue in the fiscal quarter ended March 29, 2020. Pasture-raised shell eggs are our flagship product and have been the focal point of our sales and marketing efforts, and we believe that sales of pasture-raised shell eggs will continue to constitute a significant portion of our net revenue, net income and cash flow for the foreseeable future. We cannot be certain that we will be able to continue to expand sales, processing and distribution of pasture-raised shell eggs, or that consumer and customer demand for our other existing and future products will expand to allow such products to represent a larger percentage of our revenue than they do currently. Accordingly, any factor adversely affecting sales of our pasture-raised shell eggs could have an adverse effect on our business, financial condition and results of operations.

Fluctuations in commodity prices and in the availability of feed grains could negatively impact our results of operations and financial condition.

The price we pay to purchase shell eggs from farmers fluctuates based on pallet weight, and under our buy-sell contracts, which account for 98% of the laying hens in our network of family farms as of March 29, 2020, the price we pay is also indexed quarterly in arrears for changes in feed cost, which may cause our agreed-upon pricing under these contracts to fluctuate on a quarterly basis. Additionally, for our integrator contracts, which account for the remaining 2% of laying hens in our network, we are directly responsible for purchasing and providing feed supply to the farmer. Therefore, our results of operations and financial condition, including our gross margin and profitability, fluctuate based on the cost and supply of commodities, including corn, soybean meal and other feed ingredients. Although feed ingredients are available from a number of sources, we have little, if any, control over the prices of these ingredients, which are affected by weather, speculators, export restrictions, various supply and demand factors, transportation and storage costs, and agricultural and energy policies in the U.S. and internationally. For example, the severe drought in the summer of 2012 and resulting damage to corn and soybean crops resulted in high and volatile feed costs. We may not be able to increase our product prices enough or in a timely manner to sufficiently offset increased commodity costs due to consumer price sensitivity, or the pricing postures of our competitors and, in many cases, our retailers may not accept a price increase or may require price increases to occur after a specified period of time elapses. In addition, if we increase prices to offset higher costs, we could experience lower demand for our products and lower sales volumes. Over time, if we are unable to price our products to cover increased costs, unable to offset operating cost increases with continuous improvement savings or unsuccessful in any commodity-hedging program, then commodity price volatility or increases could adversely affect our business, financial condition and results of operations.

If we fail to effectively expand our processing, manufacturing and production capacity as we continue to grow and scale our business, our business and operating results and our brand reputation could be harmed.

While our current supply, processing and manufacturing capabilities are sufficient to meet our present business needs, we may in the future need to expand these capabilities as we continue to grow and scale our business. For example, we are in the process of expanding Egg Central Station, our shell egg processing facility, to increase our capacity for the distribution of pasture-raised shell eggs. However, there is risk in our ability to effectively scale production and processing and effectively manage our supply chain requirements. We must accurately forecast demand for our products in order to ensure we have adequate available processing and manufacturing capacity. Our forecasts are based on multiple assumptions which may cause our estimates to be inaccurate and affect our ability to obtain adequate processing and manufacturing capacities (whether our own processing and manufacturing capacities or co-processing and co-manufacturing capacities) in order to meet the demand for our products, which could prevent us from meeting increased customer demand. Our brand and our business could be harmed if we are unable to fulfill orders in a timely manner or at all. If we fail to meet demand for our products and, as a result, consumers who have previously purchased our products buy other brands or our retailers allocate shelf space to other brands, our business, financial condition and results of operations could be adversely affected.

On the other hand, if we overestimate our demand and overbuild our capacity, we may have significantly underutilized assets and may experience reduced margins. If we do not accurately align our processing and manufacturing capabilities with demand, our business, financial condition and results of operations could be adversely affected.

We are currently expanding Egg Central Station, and we may not successfully complete construction of or commence operations in this expansion, or the expanded facility may not operate in accordance with our expectations.

In January 2019, we commenced design of an expansion of Egg Central Station, our shell egg processing facility, in order to address our rapid growth and increase our shell egg processing capacity. Constructing and

opening this facility has required, and will continue to require, significant capital expenditures and the efforts and attention of our management and other personnel, which has and will continue to divert resources from our existing business or operations. In addition, we will need to hire and retain more skilled crew members to operate the expanded facility. Even if our expansion is brought up to full processing capacity, it may not provide us with all of the operational and financial benefits we expect to receive.

If we fail to effectively maintain or expand our network of small family farms, our business, operating results and brand reputation could be harmed.

We source our pasture-raised eggs and milk for our products from our network of small family farms, which is the foundation of our supply chain. If we are unable to maintain and expand this supply chain because of actions taken by farmers or other events outside of our control, we may be unable to timely supply distributors and customers with our products, which could lead to cancellation of purchase orders, damage to our commercial relationships and impairment of our brand. For example, we require these farmers to build and equip their farms to certain specifications, which requires a significant upfront capital investment, and any inability of farmers to obtain adequate financing on acceptable terms would impair their ability to partner with us. If our relationship with these farmers is disrupted, we may not be able to fully recover our investments in birds and feed, which would negatively impact our operating results. There are a number of factors that could impair our relationship with farmers, many of which are outside of our control. For example, while we strive to operate our business in a manner that drives long-term and sustainable benefits for our stakeholders, including farmers, we may make strategic decisions that the farmers do not believe align with their interests or values, which could cause the farmers to terminate their relationships with us. Additionally, our network of small family farms is in a geographic region we refer to as the Pasture Belt, which is located primarily in the Midwest, and the occurrence of a natural disaster in this region could have a significant negative impact on us, the farmers and our supply chain. Any failure to maintain or expand our network of small family farms would adversely affect our business, financial condition and results of operations.

Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of pasture-raised eggs and milk and other raw materials that meet our standards.

Our ability to ensure a continuing supply of pasture-raised eggs and milk and other raw materials for our products at competitive prices depends on many factors beyond our control. In particular, we rely on the farms that supply us with pasture-raised eggs and milk to implement controls and procedures to manage the risk of exposing animals to harmful diseases, but outbreaks may occur despite their efforts. An outbreak of disease could result in increased government restriction on the sale and distribution of our products, and negative publicity could impact customer and consumer perception of our products, even if an outbreak does not directly impact the animals from which we source our products. Additionally, the animals from which our products are sourced, and the pastures on which they are raised, are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence. Disease, adverse weather conditions and natural disasters can adversely impact pasture quantity and quality, leading to reduced egg and milk yields and quality, which in turn could reduce the available supply of, or increase the price of, our raw materials.

We also compete with other food companies in the procurement of pasture-raised eggs and milk, and this competition may increase in the future if consumer demand increases for these items or products containing them or if competitors increasingly offer products in these market sectors. If supplies of pasture-raised eggs and milk that meet our quality standards are reduced or are in greater demand, we may not be able to obtain sufficient supply to meet our needs on favorable terms, or at all. For example, as a result of the COVID-19 pandemic, there have been recent disruptions in the U.S. pasture-raised milk supply, including significant drops in prices and demand, which have resulted in the loss of suppliers. While we have worked with our co-manufacturers to mitigate these supply disruptions, and as a result there has been no impact on our ability to fill customer orders for our pasture-raised butter or ghee products, we expect that these supply disruptions will continue for the foreseeable future and that they may be further exacerbated by the ongoing effects of COVID-19, which could impact our ability to fill customer orders in the future.

Our supply may also be affected by the number and size of farms that raise chickens and cows on pasture, changes in U.S. and global economic conditions, and our ability to forecast our raw materials requirements. For example, the farms must meet our standards and in order to meet these standards, we require them to invest in infrastructure at the outset of our relationship. The typical upfront investment for each of the farms is significant and many of the farmers seek financing assistance from local and regional banks as well as federal government loans from the USDA Farm Service Agency. Changes in U.S. and global economic conditions or any U.S. government shutdown (including in connection with COVID-19) could significantly decrease loans available to farmers. Many of these farmers also have alternative income opportunities and the relative financial performance of raising chickens and cows on pasture as compared to other potentially more profitable opportunities could affect their interest in working with us. Any of these factors could impact our ability to supply our products to distributors and customers and may adversely affect our business, financial condition and results of operations.

We currently have a limited number of co-manufacturers. Loss of one or more of our co-manufacturers or our failure to timely identify and establish relationships with new co-manufacturers could harm our business and impede our growth.

A significant amount of our revenue is derived from products manufactured at facilities owned and operated by our co-manufacturers. We currently rely on one co-manufacturer for hard-boiled eggs, one co-manufacturer for butter, one co-manufacturer for ghee and one co-manufacturer for liquid eggs. We do not currently have written manufacturing contracts with these co-manufacturers. Because of the absence of such contracts, any of our co-manufacturers could seek to alter or terminate its relationship with us at any time, leaving us with periods during which we have limited or no ability to manufacture our products.

An interruption in, or the loss of operations at, one or more of our co-manufacturing facilities, which may be caused by work stoppages, regulatory issues or noncompliance, disease outbreaks or pandemics (such as COVID-19), acts of war, terrorism, fire, earthquakes, flooding or other natural disasters, could delay, postpone or reduce production of some of our products, which could have an adverse effect on our business, financial condition and results of operations until such time as such interruption is resolved or an alternate source of production is secured, especially in times of low inventory.

We believe there are a limited number of competent, high-quality co-manufacturers in our industry that meet our geographical requirements and our strict quality and control standards, and should we seek to obtain additional or alternative co-manufacturing arrangements in the future, there can be no assurance that we would be able to do so on satisfactory terms, in a timely manner, or at all. Therefore, the loss of one or more co-manufacturers, any disruption or delay at a co-manufacturer or any failure to identify and engage co-manufacturers for new products and product extensions could delay, postpone or reduce production of our products, which could have an adverse effect on our business, financial condition and results of operations.

We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry and on animal-based products, in particular, and failure to develop or enrich our product offering or gain market acceptance of our new products could have a negative effect on our business.

We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethically produced, great-tasting and nutritious foods. The market in which we operate is subject to changes in consumer preference, perception and spending habits. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the U.S. natural food industry market in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives. Media coverage regarding the safety or quality of, or diet or health issues relating to, our products or the raw materials, ingredients or processes involved in their manufacturing may damage consumer confidence in our products. A general decline in the consumption of our products could occur at any time as a result of change in consumer preference, perception, confidence and spending habits, including an unwillingness to pay a premium

or an inability to purchase our products due to financial hardship or increased price sensitivity, which may be exacerbated by the effects of the COVID-19 pandemic. For example, we and many of our customers face pressure from animal rights groups to require all companies that supply food products to operate their business in a manner that treats animals in conformity with certain standards developed or approved by these animal rights groups. If consumer preferences shift away from animal-based products for these reasons, because of a preference for plant-based products or otherwise, our business, financial condition and results of operations could be adversely affected.

The success of our products depends on a number of factors including our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the quality of our products from those of our competitors, and the effectiveness of our marketing and advertising campaigns for our products. We may not be successful in identifying trends in consumer preferences and developing products that respond to such trends in a timely manner. We also may not be able to effectively promote our products by our marketing and advertising campaigns and gain market acceptance. If our products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, we may not be able to fully recover costs and expenses incurred in our operation, and our business, financial condition or results of operations could be materially and adversely affected.

We use a limited number of distributors for the substantial majority of our sales, and if we experience the loss of one or more distributors and cannot replace them in a timely manner, our results of operations may be adversely affected.

To distribute our products, we use a broker-distributor-retailer network whereby brokers represent our products to distributors and retailers who in turn sell our products to consumers. We serve the majority of natural channel customers through food distributors, such as United Natural Foods, Inc., or UNFI, KeHE Distributors, LLC, or KeHE, and US Foods, Inc., or US Foods, which purchase, store, sell and deliver our products to retailers, including Whole Foods and Sprouts. In fiscal years 2017, 2018 and 2019, UNFI accounted for approximately 36%, 36% and 35% of our net revenue, respectively, and KeHE accounted for approximately 9%, 10% and 11% of our net revenue, respectively. In the fiscal quarters ended March 31, 2019 and March 29, 2020, UNFI accounted for approximately 37% and 33% of our net revenue, respectively, and KeHE accounted for approximately 12% and 11% of our net revenue, respectively. Since these distributors act as intermediaries between us and the retail grocers or foodservice providers, we do not have short-term or long-term commitments or minimum purchase volumes in our contracts with them that ensure future sales of our products. These distributors are able to decide on the products carried, and they may limit the products available for retailers, such as Whole Foods and Sprouts, to purchase. We expect that most of our sales will be made through a core number of distributors for the foreseeable future. If we lose one or more of our significant distributors and cannot replace the distributor in a timely manner or at all, our business, financial condition and results of operations could be adversely affected.

We are dependent on hatcheries and pullet farms to supply our network of family farms with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or results of operations.

Under the terms of our contracts with our network of family farms, while we do not own laying hens, we are generally responsible for coordinating the acquisition and delivery of laying hens to the farmers. In order to meet these obligations, we place orders for chicks directly with hatcheries intended to supply a future year’s production of eggs at least a year in advance. Once the chicks are hatched, they are delivered to a network of pullet farms, who rear the chicks to approximately 16 to 18 weeks of age, at which time they begin laying eggs. The hens are then delivered directly from the pullet farms to our network of family farms, which then place the hens into egg production.

Because it would be inefficient to contract directly with pullet farms to rear the quantity of chicks that we require, we currently work with a sole source supplier that contracts with a network of independent pullet farms.

We do not have a long-term supply contract with this third party, and if this supplier were to cease doing business with us for any reason, we may have a difficult time finding and contracting with alternate pullet farms in sufficient scale to meet our needs, if at all. Additionally, any disruption in these supply services for any reason, including bird disease, natural disaster, fire, power interruption, work stoppage or other calamity, could have a material adverse effect on our business, financial condition and results of operations if we cannot replace these providers in a timely manner on acceptable terms or at all.

Consolidation of retail customers or the loss of a significant retail customer could negatively impact our sales and profitability.

Our retail customers include natural channel and mainstream channel stores, which have been undergoing a consolidation in recent years. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, all of which could negatively impact our business. In fiscal years 2017, 2018 and 2019, Kroger accounted for approximately 15%, 14% and 14% of our net revenue, respectively. In the fiscal quarters ended March 31, 2019 and March 29, 2020, Kroger accounted for approximately 12% and 14% of our net revenue, respectively. With certain of our retail customers, like Whole Foods and Sprouts, we sell our products through distributors. We are not able to precisely attribute our net revenue to a specific retailer for products sold through distributors. We rely on third-party data to calculate the portion of retail sales attributable to retailers, but this data is inherently imprecise because it is based on gross sales generated by our products sold at retailers, without accounting for price concessions, promotional activities or chargebacks, and because it measures retail sales for only the portion of our retailers serviced through distributors. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 37%, 33% and 31% of our retail sales in fiscal years 2017, 2018 and 2019, respectively, and Sprouts accounted for approximately 7%, 9% and 8% of our retail sales in fiscal years 2017, 2018 and 2019, respectively. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 33% and 32% of our retail sales for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively, and Sprouts accounted for approximately 9% and 7% of our retail sales for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively. The loss of Kroger, Whole Foods, Sprouts or any other large retail customer, the reduction of purchasing levels or the cancellation of any business from Kroger, Whole Foods, Sprouts or any other large retail customer for an extended length of time could negatively impact our sales and profitability.

A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products or the perceived quality of our products. Despite operating in different channel segments, our retailers sometimes compete for the same consumers. Because of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers.

Failure by our transportation providers to pick up raw materials or deliver our products on time, in compliance with applicable governmental regulations or at all, could result in lost sales.

We currently rely upon third-party transportation providers for a significant portion of our raw material transportation and product shipments. Our utilization of pickup and delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, chronic driver shortages, employee strikes or unavailability (including due to COVID-19), inclement weather and noncompliance by our third-party transportation providers with applicable regulatory requirements, which may impact the ability of providers to provide delivery services that adequately meet our shipping needs. We may change shipping companies, and we could face logistical difficulties with any such change that could adversely affect deliveries. In addition, we could incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our operating results.

We source substantially all of our shell egg cartons from a sole source supplier and any disruptions may impact our ability to sell our eggs.

We obtain substantially all of the packaging for our shell eggs from a sole-source supplier. We do not have guaranteed supply contracts with our supplier, and our supplier could delay shipments, increase prices or cease manufacturing of our shell egg cartons or selling them to us at any time. A disruption in the supply of our shell egg cartons could delay our production and hinder our ability to meet our commitments to customers. If we are unable to obtain a sufficient quantity of our packaging on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources, sales of our products could be delayed or we may be required to redesign our products. For example, in connection with increased demand for shell eggs in relation to the COVID-19 pandemic, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12-count packages), and we separately experienced certain quality issues with our 18-count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for a small number of our shell egg products. While this change in packaging did not materially impact our operations, there is no guarantee that we will not experience similar packaging issues in the future, or that any such packaging issues will not impact our ability to meet product demand for our shell eggs. Any of these events could result in lost sales, reduced gross margins or damage to our customer relationships, which would have a material adverse effect on our business, financial condition and results of operations.

Because we rely on a limited number of third-party vendors to manufacture and store our products, we may not be able to maintain manufacturing and storage capacity at the times and with the capacities necessary to produce and store our products or meet the demand for our products.

We rely on a limited number of co-manufacturers and cold storage providers. We currently rely on one co-manufacturer for hard-boiled eggs, one co-manufacturer for butter, one co-manufacturer for ghee and one co-manufacturer for liquid eggs. Our financial performance depends in large part on our ability to obtain adequate co-manufacturing and cold storage facilities services in a timely manner. We are not assured of continued co-manufacturing and cold storage capacities. Certain of our co-manufacturers or our cold storage providers could discontinue or seek to alter their relationship with us. In addition, we are not assured of sufficient capacities of these providers commensurate with increased product demand. Any disruption in the supply of our final products from these providers would have an adverse effect on our business if we cannot replace these providers in a timely manner or at all. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. In connection with the recall, our co-manufacturer elected to permanently close the affected production facility and move all production to a different facility, which did not have sufficient capacity to meet product demand. As a result we were unable to supply customers with hard-boiled eggs for a period of time in the first quarter of fiscal 2020, which led to the loss of certain customer accounts for this product, the revenues from which were immaterial in the aggregate. Our co-manufacturer is currently able to meet our product demand for hard-boiled eggs due to the effects of COVID-19 on the foodservice industry. However, we may experience supply issues once the foodservice industry returns to full capacity, which may lead to additional loss of customers.

We may not be able to compete successfully in our highly competitive market.

We operate in a highly competitive environment across each of our product categories. We have numerous competitors of varying sizes, including producers of private-label products, as well as producers of other branded egg and butter products that compete for trade merchandising support and consumer dollars. Numerous brands and products compete for limited retailer shelf space, including in the refrigerated section, foodservice, and customers and consumers. In our market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

We compete with large egg companies such as Cal-Maine, Inc. and large international food companies such as Ornua (Kerrygold). We also compete directly with local and regional egg companies, as well as private-label specialty egg products processed by other egg companies. Each of these competitors may have substantially greater financial and other resources

than us and some of whose products are well accepted in the marketplace today. They may also have lower operational costs, and as a result may be able to offer comparable or substitute products to customers at lower costs. This could put pressure on us to lower our prices, resulting in lower profitability or, in the alternative, cause us to lose market share if we fail to lower prices.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than us. We cannot be certain that we will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire our competitors or launch their own egg and butter products, including ones that may be pasture-raised, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices, and may change the merchandising of our products so they have less favorable placement. Competitive pressures or other factors could cause us to lose market share, which may require us to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect our margins and could result in a decrease in our operating results and profitability.

Further, competitors with substantially greater operations and resources than us may be less affected by the COVID-19 pandemic than we are. In connection with the pandemic, we have restricted employee travel, cancelled certain events with consumers, customers or partners, imposed operational safeguards at Egg Central Station and limited access to our headquarters. Although we are monitoring the situation, we cannot predict for how long, or the ultimate extent to which, the pandemic may disrupt our operations as a result of these measures or if we are required to implement other changes, such as closure of our egg processing facility. Any significant disruption resulting from this or similar events on a large scale or over a prolonged period of time could cause significant delays and disruption to our business until we would be able to resume normal business operations or shift to other third-party vendors, negatively affecting our revenue and other financial results. A prolonged disruption of our business could also damage our reputation.

In addition, our ability to compete successfully in our market depends, in large part, on our ability to implement our growth strategy of expanding supply and distribution, improving placement of our products, attracting new consumers to our brand and introducing new products and product extensions. Our ability to implement this growth strategy depends, among other things, on our ability to:

- manage relationships with various suppliers, co-manufacturers, distributors, customers and other third parties, and expend time and effort to integrate new suppliers, co-manufacturers and customers into our fulfillment operations;
- secure placement in stores for our products;
- increase our brand recognition;
- expand and maintain brand loyalty; and
- develop new product lines and extensions.

We may not be able to implement our growth strategy successfully. Our sales and operating results will be adversely affected if we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful.

A U.S. federal government shutdown could have a material adverse impact on our results of operations and financial condition.

The partial shutdown of the U.S. federal government that began in late 2018 and continued into 2019 adversely impacted many of our family farmers' ability to access capital, as these farmers receive funding through farm loan programs of the USDA Farm Service Agency. The partial shutdown also impacted our ability to receive governmental approvals for products and labeling of new products. Another U.S. federal government shutdown of similar or greater duration could similarly impact our business, which could have a material adverse effect on our results of operations and financial condition.

We have only recently expanded our product offerings beyond pasture-raised eggs, which makes it difficult to forecast our future results of operations.

We have only recently expanded our product offerings beyond pasture-raised eggs. As a result of our limited experience managing multiple product lines, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our products, increasing competition, a decrease in the growth of our overall market, or our failure, for any reason, to continue to take advantage of growth opportunities. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

Failure to introduce new products may adversely affect our ability to continue to grow.

A key element of our growth strategy depends on our ability to develop and market new products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our innovation staff in developing and testing product prototypes, our ability to comply with applicable governmental regulations, and the success of our management and sales and marketing teams in introducing and marketing new products. There can be no assurance that we will successfully develop and market new products that appeal to consumers. For example, while we anticipated launching egg bites in August 2020, we are still working through the packaging of this new product line, which we anticipate will impact our product launch timeline. To the extent the product launch slips or we elect not to launch egg bites at all, we may lose stores that have committed to distribution in 2020. Any such failure may lead to a decrease in our growth, sales and profitability.

Additionally, the development and introduction of new products requires substantial marketing expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance. If we are unsuccessful in meeting our objectives with respect to new or improved products, our business could be harmed.

Our brand and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition.

We believe our consumers rely on us to provide them with high-quality pasture-raised products. Therefore, real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brand or products, which could in turn harm our reputation and sales, and could adversely affect our business, financial condition and operating results.

Our products may be subject to contamination by foreign materials or disease-producing organisms or pathogens, such as salmonella and E. coli. These organisms and pathogens are found generally in the environment and there is a risk that one or more could be present in our products, either as a result of food processing or as an inherent risk based on the nature of our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further-processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. Shipment of contaminated products, even if inadvertent, could result in a violation of law and lead to increased risk of exposure to product liability claims, product recalls and increased scrutiny by federal and state regulatory agencies, penalties and adverse publicity. In addition, products purchased from other

producers, including co-manufacturers, could contain contaminants that we might inadvertently redistribute. If our products become contaminated, or if there is a potential health risk associated with our products, we or our co-manufacturers might decide or need to recall a product. Any product recall could result in a loss of consumer confidence in our products and adversely affect our reputation with existing and potential customers. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to potential listeria contamination at the production facility. In connection with the recall, our co-manufacturer elected to permanently close the affected production facility and move all production to a different facility, and as a result we were unable to supply customers with hard-boiled eggs for a period of time in the first quarter of fiscal 2020, which led to the loss of certain customer accounts for this product, the revenues from which were immaterial in the aggregate.

We also have no control over our products once purchased by consumers. For example, consumers may store our products under conditions and for periods of time inconsistent with USDA, U.S. Food and Drug Administration, or FDA, and other governmental guidelines, which may adversely affect the quality and safety of our products.

If consumers do not perceive our products to be of high quality or safe, then the value of our brand would be diminished, and our business, results of operations and financial condition would be adversely affected. Any loss of confidence on the part of consumers in the quality and safety of our products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by our market positioning as a socially conscious purveyor of high-quality, pasture-raised products and may significantly reduce our brand value. Issues regarding the safety of any of our products, regardless of the cause, may have an adverse effect on our brand, reputation and operating results. Further, the growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brands or our products on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our business, financial condition and results of operations could be adversely affected.

All of our pasture-raised shell eggs are processed at Egg Central Station in Springfield, Missouri. Any damage or disruption at this facility may harm our business.

All of our pasture-raised shell egg processing occurs at our facility in Springfield, Missouri. Any shutdown or period of reduced production at Egg Central Station, our shell egg processing facility, which may be caused by regulatory noncompliance or other issues, as well as other factors beyond our control, such as natural disaster, fire, power interruption, work stoppage, disease outbreaks or pandemics (such as COVID-19), equipment failure or delay in raw materials delivery, would significantly disrupt our ability to deliver our products in a timely manner, meet our contractual obligations and operate our business. Further, the processing equipment used for our pasture-raised shell eggs is costly to replace or repair, particularly because certain of our processing equipment is sourced internationally, and our equipment supply chains may be disrupted in connection with pandemics, such as COVID-19, trade wars or other factors. If any material amount of our machinery were damaged, we would be unable to predict when, if at all, we could replace or repair such machinery or find co-manufacturers with suitable alterative machinery, which could adversely affect our business, financial condition and operating results. We have property and business disruption insurance in place for Egg Central Station; however, such insurance coverage may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

Failure to leverage our brand value propositions to compete against private label products, especially during economic downturn, may adversely affect our profitability.

In many product categories, we compete not only with other widely advertised branded products, but also with private label products that generally are sold at lower prices. Consumers are more likely to purchase our products if they believe that our products provide a higher quality and greater value than less expensive

alternatives. If the difference in perceived value between our brands and private label products narrows, or if there is a perception of such a narrowing, consumers may choose not to buy our products at prices that are profitable for us. We believe that in periods of economic uncertainty, such as the current economic uncertainty surrounding COVID-19, consumers may purchase more lower-priced private label or other economy brands. To the extent this occurs, we could experience a reduction in the sales volume of our higher margin products or a shift in our product mix to lower margin offerings. In addition, our foodservice product sales will be reduced if consumers reduce the amount of food that they consume away from home at our foodservice customers, whether as a result of restaurant closures or government-ordered quarantines, travel restrictions or other social distancing directives in connection with the COVID-19 pandemic, or in other times of economic uncertainty.

We must expend resources to maintain consumer awareness of our brands, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve and our programs may or may not be successful.

In order to remain competitive and expand and keep shelf placement for our products, we may need to increase our marketing and advertising spending to maintain and increase consumer awareness, protect and grow our existing market share or promote new products, which could impact our operating results. Substantial advertising and promotional expenditures may be required to maintain or improve our brand's market position or to introduce new products to the market, and participants in our industry are increasingly engaging with non-traditional media, including consumer outreach through social media and web-based channels, which may not prove successful. An increase in our marketing and advertising efforts may not maintain our current reputation or lead to increased brand awareness. Further, social media platforms frequently change the algorithms that determine the ranking and display of results of a user's search and may make other changes to the way results are displayed, or may increase the costs of such advertising, which can negatively affect the placement of our links and, therefore, reduce the number of visits to our website and social media channels or make such marketing cost-prohibitive. In addition, social media platforms typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which could negatively impact our marketing capabilities. If we are unable to maintain and promote a favorable perception of our brand and products on a cost-effective basis, our business, financial condition and results of operations could be adversely affected.

If we fail to develop and maintain our brand, our business could suffer.

We have developed a strong and trusted brand that has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of the Vital Farms brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, food safety, quality assurance, marketing and merchandising efforts, our continued focus on animal welfare, the environment and sustainability and our ability to provide a consistent, high-quality consumer and customer experience. Any negative publicity, regardless of its accuracy, could have an adverse effect on our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, customers, suppliers or co-manufacturers, including changes to our products or packaging, adverse publicity or a governmental investigation, litigation or regulatory enforcement action, could significantly reduce the value of our brand and significantly damage our business.

If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected.

Our success, and our ability to increase revenue and operate profitably, depends in part on our ability to cost-effectively acquire new consumers, retain existing consumers and keep existing consumers engaged so that they continue to purchase our products. While we intend to continue to invest significantly in sales and marketing to educate consumers about our brand, our values and our products, there is no assurance that these efforts will generate further demand for our products or expand our consumer base. Our ability to attract new consumers and

retain our existing consumers will depend on the perceived value and quality of our products, consumers' desire to purchase ethically produced products at a premium, offerings of our competitors, our ability to offer new and relevant products and the effectiveness of our marketing efforts, among other items. For example, because our pasture-raised shell eggs are sold to consumers at a premium price point, when prices for commodity shell eggs fall relative to the price of our pasture-raised shell eggs, we may be unable to entice price-sensitive consumers to try our products. We may also lose loyal consumers to our competitors if we are unable to meet consumer demand in a timely manner. If we are unable to cost-effectively acquire new consumers, retain existing consumers and keep existing consumers engaged, our business, financial condition and operating results would be adversely affected.

Our sales and profits are dependent upon our ability to expand existing customer relationships and acquire new customers.

Our business depends on our ability to increase our household penetration, to expand the number of products sold through existing retail customers, to grow within the foodservice channel and to strengthen our product offerings through innovation in both new and existing categories. Any strategies we employ to pursue this growth are subject to numerous factors outside of our control. For example, retailers continue to aggressively market their private label products, which could reduce demand for our products. The expansion of our business also depends on our ability to obtain customers in additional distribution channels, such as convenience, drugstore, club, military and international markets. Any growth in distribution channels may also affect our existing customer relationships and present additional challenges, including related to pricing strategies. Additionally, we may need to increase or reallocate spending on marketing and promotional activities, such as rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities, and these expenditures are subject to risks, including related to consumer acceptance of our efforts. Our failure to obtain new customers, or expand our business with existing customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force us to delay, limit, reduce or terminate our product manufacturing and development, and other operations.

We have funded our operations since inception primarily through equity financings and sales of our products. We expect to expend significant resources expanding Egg Central Station. We believe that we will continue to expend substantial resources for the foreseeable future as we expand into additional markets we may choose to pursue. These expenditures are expected to include working capital, costs associated with research and development, manufacturing and supply, as well as marketing and selling existing and new products. In addition, other unanticipated costs may arise.

After giving effect to the anticipated net proceeds from this offering, we expect that our existing cash will be sufficient to fund our planned operating expenses, capital expenditure requirements and debt service payments through at least the next 12 months. However, our operating plan may change because of factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financings may result in dilution to stockholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Demand for shell eggs is subject to seasonal fluctuations and can adversely impact our results of operations in certain quarters.

Demand for shell eggs fluctuates in response to seasonal factors. Shell egg demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and

Easter, and the lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons. If we are not correct in predicting our future shell egg demand, we may experience a supply and demand shell egg imbalance. This imbalance between supply and demand can adversely impact our results of operations at certain times of the year.

Packaging costs are volatile and may rise significantly, which may negatively impact our profitability, and any reduced availability of packaging supplies may otherwise impact our business.

We and our co-manufacturers purchase and use significant quantities of cardboard, glass, corrugated fiberboard, kraft paper, flexible plastic, flexible film and paperboard to package our products. Costs of packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade. Volatility in the prices of supplies we and our co-manufacturers purchase could increase our cost of sales and reduce our profitability. Moreover, we may not be able to implement price increases for our products to cover any increased costs, and any price increases we do implement may result in lower sales volumes. Additionally, if the availability of certain packaging supplies is limited due to factors beyond our control (including as a result of the COVID-19 pandemic), or if packaging supplies do not meet our standards, we may make changes to our product packaging, which could negatively impact the perception of our brand. For example, in connection with increased demand for shell eggs in relation to the COVID-19 pandemic, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12-count packages), and we separately experienced certain quality issues with our 18-count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for a small number of our shell egg products. If we are not successful in managing our packaging costs or the supply of packaging that meets our standards to use for our products, if we are unable to increase our prices to cover increased costs or if such price increases reduce our sales volumes, any of these factors could adversely affect our business, financial condition and results of operations.

Our net revenue and earnings may fluctuate as a result of price concessions, promotional activities and chargebacks.

Retailers may require price concessions that would negatively impact our margins and our profitability. If we are not able to lower our cost structure adequately in response to customer pricing demands, and if we are not able to attract and retain a profitable customer mix and a profitable product mix, our profitability could continue to be adversely affected.

In addition, we periodically offer sales incentives through various programs to customers and consumers, including rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. We also periodically provide chargebacks to our customers, which include credits or discounts to customers in the event that products do not conform to customer specifications or expire at a customer's site. The cost associated with promotions and chargebacks is estimated and recorded as a reduction in net revenue. We anticipate that these price concessions and promotional activities could adversely impact our net revenue and that changes in such activities could adversely impact period-over-period results. If we are not correct in predicting the performance of such promotions, or if we are not correct in estimating chargebacks, our business, financial condition and results of operations would be adversely affected.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, particularly in light of the ongoing COVID-19 pandemic and the related economic impact. The variables that go into the calculation of our market opportunity are subject to change over time, and

there is no guarantee that any particular number or percentage of customers covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost and perceived value associated with our product and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecast in this prospectus, our business could fail to grow at the rate we anticipate, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

If we fail to retain and motivate members of our management team or other key crew members, or fail to attract, train and retain additional qualified crew members to support our operations, our business and future growth prospects would be harmed.

Our success and future growth depend largely upon the continued services of our executive officers as well as our other key crew members. These executives and key crew members have been primarily responsible for determining the strategic direction of our business and for executing our growth strategy and are integral to our brand, culture and the reputation we enjoy with suppliers, co-manufacturers, distributors, customers and consumers. From time to time, there may be changes in our executive management team or other key crew members resulting from the hiring or departure of these personnel. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our crew members and lead our company, could harm our business.

In addition, our success depends in part upon our ability to attract, train and retain a sufficient number of crew members who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners and consumers. If we are unable to hire and retain crew members capable of meeting our business needs and expectations, our business and brand image may be impaired. For example, in Springfield, Missouri, where Egg Central Station in located, there is a tight labor market. As a result of this tight labor market, we may be unable to attract and retain crew members with the skills we require. Any failure to meet our staffing needs or any material increase in turnover rates of our crew members may adversely affect our business, financial condition and results of operations.

If we cannot maintain our company culture or focus on our purpose as we grow, our success and our business and competitive position may be harmed.

We believe our culture and our purpose have been key contributors to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our crew members. Any failure to preserve our culture or focus on our purpose could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important values. If we fail to maintain our company culture or focus on our purpose our business and competitive position may be harmed.

We rely on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm our ability to effectively operate our business.

We are dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of our business. A failure of our information technology systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and loss of sales, causing our business to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have an adverse effect on our business.

A cybersecurity incident or other technology disruptions could negatively impact our business and our relationships with customers.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our crew members, suppliers, co-manufacturers, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information. Cybersecurity incidents are increasing in their frequency, sophistication and intensity, with third-party phishing and social engineering attacks in particular increasing in connection with the COVID-19 pandemic. Our business involves sensitive information and intellectual property, including customers', distributors' and suppliers' information, private information about crew members and financial and strategic information about us and our business partners. Further, as we pursue new initiatives that improve our operations and cost structure, we also intend to expand and improve our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation or release of sensitive information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers and distributors, potential liability and competitive disadvantage all of which could have an adverse effect on our business, financial condition or results of operations**.**

Our operations are geographically consolidated. A major tornado or other natural disaster within the region in which we operate could seriously disrupt our entire business.

Egg Central Station, our shell egg processing facility is located in Springfield, Missouri. This facility and our network of small family farms are all located in the geographic region we refer to as the Pasture Belt, which is located primarily in the Midwest. The pasture-raised milk for our butter is sourced from, and the butter is manufactured near, a geographically concentrated network of more than 50 farms in the Midwest. The impact of natural disasters such as tornadoes, drought or flood within these areas is difficult to predict, but such a natural disaster could seriously disrupt our entire business. Our insurance may not adequately cover our losses and expenses in the event of such a natural disaster. As a result, natural disasters within these areas could lead to substantial losses.

Climate change may negatively affect our business and operations.

Our network of small family farms are all geographically located in a region that provides an environment conducive to year round pasture raising chickens and cows. In addition, the concentration of these farms allows for efficient transportation of pasture-raised eggs to Egg Central Station and of pasture-raised milk to our butter and ghee co-manufacturing facilities. However, there is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative effect on the year-round habitability of the region for chickens and cows, we may be subject to decreased availability or less favorable pricing for pasture-raised eggs and milk. Even if eggs and milk are available from other regions, they may not be pasture-raised due to certain regional weather conditions not being conducive to pasture raising. We may also incur increased transportation, storage and processing costs if we are unable to source pasture-raised eggs and milk within a certain distance from Egg Central Station and co-manufacturing facilities.

Disruptions in the worldwide economy may adversely affect our business, results of operations and financial condition.

Adverse and uncertain economic conditions may impact distributor, retailer, foodservice and consumer demand for our products. In addition, our ability to manage normal commercial relationships with our suppliers,

co-manufacturers, distributors, retailers, foodservice consumers and creditors may suffer. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. In particular, consumers may reduce the amount of pasture-raised products that they purchase where there are more affordable products, including caged, cage-free and free-range egg and egg product offerings, which generally have lower retail prices than our pasture-raised eggs. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. Further, our foodservice product sales will be reduced if consumers reduce the amount of food they consume away from home at our foodservice customers, whether as a result of restaurant closures or government-ordered quarantines, travel restrictions and other social distancing directives in connection with the COVID-19 pandemic, or in other times of economic uncertainty. Distributors and customers may become more conservative in response to these conditions and seek to reduce their inventories. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, retailer and foodservice customers, our ability to attract new consumers, the financial condition of our consumers and our ability to provide products that appeal to consumers at the right price. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

We may be subject to significant liability that is not covered by insurance.

Although we believe that the extent of our insurance coverage is consistent with industry practice, any claim under our insurance policies may be subject to certain exceptions, may not be honored fully, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses incurred. If we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Such inventory and business interruption losses may not be covered by our insurance policies. We also expect that operating as a public company will make it more difficult and 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. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers. We do not know, however, if we will be able to maintain existing insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all.

Our inability to maintain our GFSI and SQF Select Site certifications may negatively affect our reputation.

The SQFI administers the SQF Program, which is a third-party auditing program that examines and certifies food producers with respect to certain aspects of the producer’s business, including food safety, quality control and social, environmental and occupational health and safety management systems. The SQF Select Site certification is one of a number of available SQF certifications and involves both auditing for food safety issues and unannounced inspections by SQF personnel on an annual basis.

The Global Food Safety Initiative, or GFSI, is a private organization established and managed by an international trade association, The Consumer Goods Forum. GFSI operates a benchmarking scheme whereby certification bodies, such as the SQF Program, are “recognized” as meeting certain criteria maintained by GFSI. GFSI itself does not certify or accredit entities in the food industry.

SQF Select Site certification and the GFSI recognition of the SQF Program do not themselves have any independent legal significance and do not necessarily signal regulatory compliance. As a practice matter, however, certain retailers, including some of our largest customers, require SQF certification or certification by another GFSI-recognized program as a condition for doing business. Loss of SQF Select Site certification could impair our ability to do business with these customers, which could materially and adversely affect our business, financial condition and operating results.

The loss of any registered trademark or other intellectual property could enable other companies to compete more effectively with us.

We utilize intellectual property in our business. Our trademarks are valuable assets that reinforce our brand and consumers' favorable perception of our products. We have invested a significant amount of money in establishing and promoting our trademarked brands. We also rely on unpatented proprietary expertise and copyright protection to develop and maintain our competitive position. Our continued success depends, to a significant degree, upon our ability to protect and preserve our intellectual property, including our trademarks and copyrights.

We rely on confidentiality agreements and trademark and copyright law to protect our intellectual property rights. Our confidentiality agreements with our crew members and certain of our consultants, contract employees, suppliers and independent contractors, including some of our co-manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. Further, some of our formulations have been developed by or with our suppliers and co-manufacturers. As a result, we may not be able to prevent others from using similar formulations.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, our trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have an adverse effect on our business, financial condition and results of operations.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and related notes appearing elsewhere in this prospectus. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve revenue recognition, contingent consideration and the valuation of our stock-based compensation awards, including the determination of fair value of our common stock, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, including in connection with the COVID-19 pandemic, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

Risks Related to Legal and Government Regulation

Food safety and food-borne illness incidents or advertising or product mislabeling may materially and adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Illness, injury or death related to allergens, food-borne illnesses, foreign material contamination or other food safety incidents caused by our products, or involving our suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to our reputation. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. Our co-manufacturer elected to permanently close the affected production facility and move all production to a different facility, which did not have sufficient capacity to meet product demand. As a result we were unable to supply customers with hard-boiled eggs for a period of time in the first quarter of fiscal 2020. Our co-manufacturer is currently able to meet our product demand for hard-boiled eggs due to the effects of COVID-19 on the foodservice industry. However, we may experience supply issues once the foodservice industry returns to full capacity, which may lead to additional loss of customers.

Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected raw materials, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by our actions, could compel us, our suppliers, our distributors or our customers, depending on the circumstances, to conduct a recall in accordance with FDA or USDA regulations and policies, and comparable state laws. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors or customers and a potential negative impact on our ability to attract new customers due to negative consumer experiences or because of an adverse impact on our brand and reputation. The costs of a recall could be outside the scope of our existing or future insurance policy coverage or limits.

In addition, food companies have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any food company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into food products, as well as product substitution. Governmental regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could adversely affect our business, financial condition and operating results.

Our operations are subject to FDA and USDA federal regulation and state regulation, and there is no assurance that we will be in compliance with all regulations.

Our operations are subject to extensive regulation by the FDA, the USDA and other federal, state and local authorities. With respect to eggs in particular, the FDA and the USDA split jurisdiction depending on the type of product involved. While the FDA has primary responsibility for the regulation of shell eggs, the USDA has

primary responsibility for the regulation of dried, frozen or liquid eggs and other "egg products," subject to certain exceptions. Specifically, our shell eggs, butter, hard-boiled eggs and ghee products are subject to the requirements of the Federal Food, Drug, and Cosmetic Act, as amended, or the FDCA, and regulations promulgated thereunder by the FDA with respect to our shell egg, hard-boiled egg, butter and ghee products. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, labeling and safety of most food products. The FDA requires that facilities that manufacture food products comply with a range of requirements, including hazard analysis and preventative controls regulations, current good manufacturing practices, or cGMPs, and supplier verification requirements. Our shell egg operations are further subject to FDA regulatory requirements governing the production, storage and transportation of shell eggs for the control of salmonella. FDA-inspected processing facilities are subject to periodic and "for cause" inspection by federal, state and local authorities. In addition, certain of our products, such as our liquid whole egg products, are subject to regulation by the USDA, including facility registration, inspection, manufacturing and labeling requirements. We do not control the manufacturing processes of, and rely upon, our co-manufacturers for compliance with cGMPs and other regulatory requirements for the manufacturing of our products that is conducted by our co-manufacturers. If we or our co-manufacturers cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the FDA, the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, result in our co-manufacturers' inability to continue manufacturing for us, result in a recall of our products that have already been distributed and result in damage to our brand and reputation. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. We rely upon our co-manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, the USDA or a comparable foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be adversely impacted.

Our liquid whole eggs are subject to the requirements of the Egg Products Inspection Act, or EPIA, and regulations promulgated thereunder by the USDA. The USDA has comprehensive regulations in place that apply to establishments that break, dry and process shell eggs into liquid egg products. This regulatory scheme governs the manufacturing, processing, pasteurizations, packaging, labeling and safety of egg products. Under the EPIA and USDA regulations, establishments that manufacture egg products must comply with the USDA's requirements for sanitation, temperature control, pasteurization and labeling. We also anticipate that our co-manufacturers' liquid whole egg establishment will be required to implement Hazard Analysis and Critical Control Point and Sanitary Standard Operating Procedure requirements within two years after the USDA finalizes its Egg Products Inspection Rule in the coming months. We do not control the manufacturing processes of, and rely upon, our co-manufacturers for compliance with USDA regulations for the manufacturing of our liquid egg products that is conducted by our co-manufacturers. If we or our co-manufacturers cannot successfully manufacture liquid whole eggs that conform to our specifications and the strict regulatory requirements of the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in our co-manufacturers' inability to continue manufacturing for us, or could result in a recall of our product that has already been distributed. In addition, we rely upon our co-manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the USDA or a comparable foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted.

In addition to regulation pursuant to the FDCA and the EPIA, some of our products are subject to the Agricultural Marketing Act of 1946, or the AMA. The AMA governs voluntary grade claims that appear on some of our products and are administered by the USDA Agricultural Marketing Service, or AMS. For instance, our shell eggs, including those handled by our co-manufacturers, are graded for quality by USDA AMS grading personnel. Similarly, our butter product, including those handled by our co-manufacturers, are graded for flavor, body, color and salt content. We do not control the processes in place on our contract farms or with our co-manufacturers (which can affect the assigned grade), and rely upon both to provide us quality, fresh products

that meet our stringent quality standards. If we, or our network of family farms and co-manufacturers, cannot successfully manufacture products that confirm with our quality specifications or meet appropriate grading standards under the AMA, we may have difficulty marketing our products or may be required to source our products from other farms and co-manufacturers.

Our products that are labeled as "organic" are subject to the requirements of the Organic Foods Production Act, or OFPA, and the USDA's National Organic Program, or NOP, regulations. The OFPA is a comprehensive regulatory scheme that mandates certain practices and prohibits other practices pertaining to the raising of animals and handling and processing of food products. We, and our network of family farms and co-manufacturers, contract with NOP-accredited certifying agents to ensure that our organic products are produced in compliance with the OFPA and NOP regulations. We do not control the farms where our products are raised and rely on the farms for compliance with the on-farm requirements of the OFPA and NOP regulations. Similarly, we do not control the manufacturing processes of, and we rely upon, our co-manufacturers for compliance with requirements of the OFPA and NOP regulations with respect to organic products handled and manufactured by our co-manufacturers. If we, the farms or the co-manufacturers cannot successfully raise and manufacture products that meet the strict regulatory requirements of the OFPA and the NOP, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products as "organic," could result in the farms or co-manufacturers' inability to continue to raise farm products or manufacture food for us, or we, the farms, or the co-manufacturer could lose the right to market products as "organic," and subject us, the farms, or co-manufacturers to civil monetary penalties. If the USDA or a comparable foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted.

We are also subject to state and local regulations, including product requirements, labeling requirements and import restrictions. For example, the State of Iowa requires that grocery stores which participate in the Special Supplement Nutrition Program for Women, Infants, and Children, and which sell eggs produced by chickens advertised as being housed in cage-free, free-range or enriched colony cage environments, also sell "conventional" eggs produced by chickens that are not so advertised. That regulation impacted the space allocation for non-caged eggs on the shelves of retailers in Iowa and their willingness to carry our eggs. In addition, one or more states could pass regulations that establish requirements that our products would not satisfy. If our products fail to meet such individual state standards or are restricted from being imported into a state by state regulatory requirements, our business, financial condition or results of operations could be materially and adversely affected.

We seek to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality-assurance compliance (i.e., assuring that our products are not adulterated or misbranded) and contracting with third-party laboratories that conduct analyses of products to ensure compliance with nutrition labeling requirements and to identify any potential contaminants before distribution. Failure by us, the farms or the co-manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to our or our co-manufacturers' operations could subject us to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on our operating results and business. See the section titled "Business—Government Regulation."

Changes in existing laws or regulations, or the adoption of new laws or regulations may increase our costs and otherwise adversely affect our business, results of operations and financial condition.

The manufacture and marketing of food products is highly regulated. We, our suppliers and co-manufacturers are subject to a variety of laws and regulations. These laws and regulations apply to many aspects of our business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of our products, as well as the health and safety of our crew members and the protection of the environment.

In the United States, we are subject to regulation by various government agencies, including the FDA, the USDA, the Federal Trade Commission, or FTC, the Occupational Safety and Health Administration, or OSHA, and the Environmental Protection Agency, or EPA, as well as various state and local agencies. We are also regulated outside the United States by various international regulatory bodies. In addition, we are subject to certain standards, such as GFSI standards and review by voluntary organizations, such as the Council of Better Business Bureaus' National Advertising Division. We could incur costs, including fines, penalties and third-party claims, because of any violations of, or liabilities under, such requirements, including any competitor or consumer challenges relating to compliance with such requirements. For example, in connection with the marketing and advertisement of our products, we could be the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states.

The regulatory environment in which we operate could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for our products may lead to an increase in costs or interruptions in production, either of which could adversely affect our operations and financial condition. New or revised government laws and regulations could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect our business, financial condition and results of operations.

Failure by our network of family farms, suppliers of raw materials or co-manufacturers to comply with food safety, environmental or other laws and regulations, or with the specifications and requirements of our products, may disrupt our supply of products and adversely affect our business.

If our network of family farms, suppliers or co-manufacturers fail to comply with food safety, environmental, health and safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted and our reputation could be harmed. Additionally, the farms and co-manufacturers are required to maintain the quality of our products and to comply with our standards and specifications. In the event of actual or alleged non-compliance, we might be forced to find alternative farms, suppliers or co-manufacturers and we may be subject to lawsuits and/or regulatory enforcement actions related to such non-compliance by the farms, suppliers and co-manufacturers. As a result, our supply of pasture-raised eggs and other raw materials or finished inventory could be disrupted or our costs could increase, which would adversely affect our business, results of operations and financial condition. The failure of any partner farmer or co-manufacturer to produce products that conform to our standards could adversely affect our reputation in the marketplace and result in product recalls, product liability claims, government or third-party actions and economic loss. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. Additionally, actions we may take to mitigate the impact of any disruption or potential disruption in our supply of pasture-raised eggs and other raw materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect our business, financial condition and results of operations.

We are subject to stringent environmental regulation and potentially subject to environmental litigation, proceedings, and investigations.

Our business operations and ownership and past and present operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment and natural resources. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on our business. We could also experience in the future significant opposition from third parties with respect to our business, including environmental non-governmental organizations, neighborhood groups and municipalities. Additionally, new matters or sites may be identified in the future that will require additional environmental investigation, assessment, or expenditures, which could cause additional capital

expenditures. Future discovery of contamination of property underlying or in the vicinity of our present properties or facilities and/or waste disposal sites could require us to incur additional expenses, delays to our business and to our proposed construction. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations, could adversely affect our business, financial condition and results of operations.

Legal claims, government investigations or other regulatory enforcement actions could subject us to civil and criminal penalties.

We operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to a heightened risk of legal claims, government investigations or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our crew members, consultants, independent contractors, suppliers, co-manufacturers or distributors will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our financial condition and operating results.

Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.

From time to time, we may be party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates. We are not currently party to any material litigation.

Even when not merited, the defense of these lawsuits may divert our management’s attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

Risks Related to Ownership of Our Common Stock

Our stock price may be volatile, and the value of our common stock may decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition or results of operations;

- variance in our financial performance from expectations of securities analysts;
- changes in our projected operating and financial results;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- announcements or concerns regarding real or perceived quality or health issues with our products or similar products of our competitors;
- adoption of new regulations applicable to the food industry or the expectations concerning future regulatory developments;
- our involvement in litigation;
- future sales of our common stock by us or our stockholders, as well as the anticipation of lock-up releases;
- changes in senior management or key personnel;
- the trading volume of our common stock; and
- changes in the anticipated future size and growth rate of our market.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our common stock, particularly in light of uncertainties surrounding the ongoing COVID-19 pandemic and the related impacts.

No public market for our common stock currently exists, and an active public trading market may not develop or be sustained following this offering.

No public market for our common stock currently exists. An active public trading market for our common stock may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies by using our shares as consideration.

We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds that we receive from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds that we receive from this offering, our ultimate use may vary substantially from our currently intended use. Investors will need to rely upon the judgment of our management with respect to the use of such proceeds. Pending use, we may invest the net proceeds that we receive from this offering in short-term, investment-grade, interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations and prospects could be harmed, and the market price of our common stock could decline.

Insiders have substantial control over us and will be able to influence corporate matters.

Following this offering, our directors, officer and stockholders holding more than 5% of our outstanding stock, together with their affiliates, will hold, in the aggregate, approximately % of our outstanding

capital stock (based on shares outstanding as of March 29, 2020 and excluding any shares purchased in the directed share program). As a result, these stockholders will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership could limit stockholders' ability to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over us.

Future sales of our common stock in the public market could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equityholders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock.

All of our directors and officers and the holders of substantially all of our capital stock and securities convertible into our capital stock are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus, subject to certain exceptions. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the shares of common stock sold in this offering will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, and any share sold to our directors or executive officers pursuant to our directed share program.

In addition, there were 1,998,077 shares of common stock issuable upon the exercise of outstanding stock options as of March 29, 2020. We intend to register all of the shares of common stock issuable upon exercise of outstanding stock options, or other equity incentives we may grant in the future, for public resale under the Securities Act. The shares of common stock will become eligible for sale in the public market to the extent such options are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

Further, based on shares outstanding as of March 29, 2020, holders of approximately 13,732,536 shares, or % of our capital stock after the completion of this offering, as well as holders of 384,929 shares issuable upon the exercise of outstanding vested and unvested stock options, will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline.

The market price and trading volume of our common stock following the completion of this offering will be heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock.

You will experience immediate and substantial dilution in the net tangible book value of the shares of common stock you purchase in this offering.

The initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our common stock immediately after this offering. If you purchase shares of our common stock in this offering, you will suffer immediate dilution of $ per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to the sale of common stock in this offering and the initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus. See the section titled “Dilution.”

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

While we have previously paid cash dividends on our capital stock, we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest of: (1) the last day of the fiscal year following the fifth anniversary of this offering; (2) the last day of the first fiscal year in which our annual gross revenue is $1.07 billion or more; (3) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in non-convertible debt securities; and (4) the last day of the fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of June 30 of such fiscal year.

We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future results of operations may not be as comparable to the results of operations of certain other companies in our industry that adopted such standards. 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.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we will incur significant finance, legal, accounting and other expenses, including director and officer liability insurance, that we did not incur as a private company, which we expect to further increase after we are no longer an "emerging growth company." The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

Pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, we will be required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the fiscal year ending December 30, 2021. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the Securities and Exchange Commission, or SEC, following the date we are no longer an emerging growth company. To prepare for eventual compliance with Section 404, we will be engaged in a costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

We previously identified two material weaknesses in our internal control over financial reporting, and if we are unable to achieve and maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected.

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. In connection with the audit of our financial statements for fiscal 2018, we identified two material weaknesses in our internal control over financial reporting. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We determined that we had two material weaknesses because (i) we did not maintain a sufficient complement of personnel with an appropriate degree of technical knowledge commensurate with our accounting and reporting requirements and (ii) we did not design our controls sufficiently to completely and accurately record our accrued liabilities and other estimates at period end. As a result, there were certain post-close adjustments that were required that were material to the financial statements. These material weaknesses could

result in a misstatement of account balances or disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. In connection with the audit of our financial statements for 2019, we determined that the previously identified material weaknesses had been remediated.

To address these material weaknesses, we hired additional accounting personnel and implemented process level and management review controls. We can give no assurance that additional material weaknesses in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements, cause us to fail to meet our reporting obligations.

As a public company, we will be required to further design, document and test our internal controls over financial reporting to comply with Section 404. We cannot be certain that additional material weaknesses and control deficiencies will not be discovered in the future. If material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or help prevent fraud, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of our common stock to decline. If we have material weaknesses in the future, it could affect the financial results that we report or create a perception that those financial results do not fairly state our financial position or results of operations. Either of those events could have an adverse effect on the value of our common stock.

Further, even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits that we anticipate.

We have elected to be classified as a public benefit corporation under Delaware law. As a public benefit corporation we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our certificate of incorporation. In addition, there is no assurance that the expected positive impact from being a public benefit corporation will be realized. Accordingly, being a public benefit corporation and complying with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

As a public benefit corporation, we are required to disclose to stockholders a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

While not required by Delaware law or the terms of our certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by an independent non-profit organization. As a result of this assessment, we have been designated as a “Certified B Corporation,” which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are set by an independent organization and may change over time. Currently, we are required to recertify as a Certified B Corporation once every three years. Additionally, we are required to commit

to recertifying within 90 days following the effective date of this offering and to complete this recertification within one year following the effective date of this offering. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification requirements, if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations. Likewise, our reputation could be harmed if our publicly reported Certified B Corporation score declines.

As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.

As a public benefit corporation, our board of directors has a duty to balance (i) the pecuniary interest of our stockholders, (ii) the best interests of those materially affected by our conduct and (iii) specific public benefits identified in our charter documents. While we believe our public benefit designation and obligation will benefit our stockholders, in balancing these interests our board of directors may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all and may have negative effects. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to our stakeholders, including farmers, suppliers, crew members and local communities, even though the changes may be costly;
- we may take actions, such as building state-of-the-art facilities with technology and quality control mechanisms that exceed the requirements of USDA and the FDA, even though these actions may be more costly than other alternatives;
- we may be influenced to pursue programs and services to demonstrate our commitment to the communities to which we serve and bringing ethically produced food to the table even though there is no immediate return to our stockholders; or
- in responding to a possible proposal to acquire the company, our board of directors may be influenced by the interests of our stakeholders, including farmers, suppliers, crew members and local communities, whose interests may be different from the interests of our stockholders.

We may be unable or slow to realize the benefits we expect from actions taken to benefit our stakeholders, including farmers, suppliers, crew members and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.

Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least 2% of its outstanding capital stock) are entitled to file a derivative lawsuit claiming that its directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of management and, as a result, may adversely impact management's ability to effectively execute our strategy. Any such derivative litigation may be costly and have an adverse impact on our financial condition and results of operations.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company 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 that will be in effect upon the completion of this offering, and provisions of Delaware law applicable to us as a public

benefit corporation, 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 will include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights and preferences determined by our board of directors that may be senior to our common stock;
- require that 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 by our board of directors, the chairperson of our board of directors, or our chief executive officer;
- 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;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least 66 2/3% of our outstanding shares of voting stock; and
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum.

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. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder.

Also, as a public benefit corporation, our board of directors is required by the Delaware General Corporation Law to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our certificate of incorporation. Additionally, Section 363 of the Delaware General Corporation Law provides that, as a public benefit corporation, a vote of at least 66 2/3% of our outstanding shares of voting stock is required to effect a merger involving stock consideration with an entity that is not a public benefit corporation with an identical public benefit to ours. Further, pursuant to the Delaware General Corporation Law and our amended and restated certificate of incorporation a vote of at least 66 2/3% of our outstanding shares of voting stock is required for matters directly or indirectly amending or removing our public benefit purpose. We believe that our public benefit corporation status will make it more difficult for another party to obtain control of us without maintaining our public benefit corporation status and purpose. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for substantially all disputes between us and our stockholders, which will restrict our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery

of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: any derivative action or proceeding brought on our behalf; any action asserting a breach of a fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; any action as to which the Delaware General Corporation Law confers jurisdiction to the court of Chancery of the State of Delaware; or any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which federal courts have exclusive jurisdiction.

Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. While Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us and our directors, officers or other employees in a venue other than in the federal district courts of the United States of America. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require further significant additional costs associated with resolving the dispute in other jurisdictions, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions, any of which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- the effects of the current COVID-19 pandemic, or of other global outbreaks of pandemics or contagious diseases or fear of such outbreaks, including on our supply chain, the demand for our products, and on overall economic conditions and consumer confidence and spending levels;
- our expectations regarding our revenue, expenses and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to attract and retain our suppliers, distributors and co-manufacturers;
- our ability to sustain or increase our profitability;
- our ability to procure sufficient high quality eggs, butter and other raw materials;
- real or perceived quality with our products or other issues that adversely affect our brand and reputation;
- changes in the tastes and preferences of our consumers;
- the financial condition of, and our relationships with, our suppliers, co-manufacturers, distributors, retailers and foodservice customers, as well as the health of the foodservice industry generally;
- real or perceived quality or health issues with our products or other issues that adversely affect our brand and reputation;
- the ability of our suppliers and co-manufacturers to comply with food safety, environmental or other laws or regulations;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- the costs and success of our marketing efforts, and our ability to promote our brand;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth;
- our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance;
- our ability to compete effectively with existing competitors and new market entrants;
- the impact of adverse economic conditions;
- the sufficiency of our cash to meet our liquidity needs and service our indebtedness;
- seasonality; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections

about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million based on an assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of common stock in this offering by the selling stockholders.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, to create a public market for our common stock and to facilitate our future access to the capital markets. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds we receive from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We currently expect that these capital expenditures will include approximately $15.0 million of net proceeds from this offering to further fund the expansion of Egg Central Station, additional funding for which may also come from cash on hand or borrowings under our credit facility with PNC Bank, National Association, or the Credit Facility. We may also use a portion of the net proceeds we receive from this offering to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time.

We will have broad discretion over how to use the net proceeds we receive from this offering. We intend to invest the net proceeds we receive from this offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We declared cash dividends on our common stock in June 2013 totaling approximately $0.3 million. We cannot provide any assurance that we will declare or pay cash dividends on our capital stock in the future. In addition, our ability to pay dividends on our capital stock is subject to limitations under the terms of the Credit Facility. See Note 11 to our consolidated financial statements and Note 9 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information on the Credit Facility. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions (including in our then-existing debt arrangements), capital requirements, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 29, 2020:

- on an actual basis;
- on a pro forma basis, giving effect to (1) the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of shares of common stock and (2) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to (1) the pro forma adjustments described above and (2) our receipt of estimated net proceeds from the sale of shares of common stock that we are offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 29, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands except share and per share amounts)		
Cash and cash equivalents	$ 1,711	$	$
Long-term debt, net of issuance costs, including current portion	10,216		
Convertible preferred stock, $0.0001 par value, 3,330,440 shares authorized, issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	23,036		
Stockholders' equity:			
Preferred stock, $0.0001 par value, no shares authorized, issued, and outstanding, actual, and shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock, $0.0001 par value, 16,401,856 authorized, 12,779,469 shares issued and 10,545,765 shares outstanding, actual, shares authorized and shares issued and outstanding, pro forma, and shares authorized and shares issued and outstanding, pro forma as adjusted			
Treasury stock, 2,233,704 shares, at cost	(16,276)		
Additional paid-in capital	20,054		
Retained earnings	7,184		
Total stockholders' equity	10,962	$	$
Total capitalization	$ 44,214	$	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming the assumed

initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expense payable by us.

The number of shares of common stock that will be outstanding after this offering is based on 13,876,205 shares of common stock outstanding as of March 29, 2020, and excludes:

- 1,998,077 shares of common stock issuable on the exercise of outstanding stock options as of March 29, 2020 under our 2013 Plan with a weighted-average exercise price of $8.81 per share;
- shares of common stock issuable upon the exercise of outstanding stock options issued after March 29, 2020 pursuant to our 2013 Plan with a weighted-average exercise price of $ per share;
- 80,000 shares of common stock issued on June 9, 2020 upon the exercise of a common stock warrant;
- shares of common stock reserved for future issuance under our 2020 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for issuance thereunder, and any shares underlying outstanding stock awards granted under our 2013 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans";
- shares of our common stock issuable upon the exercise of stock options to be granted under our 2020 Plan upon the pricing of this offering with an exercise price per share equal to the initial public offering price per share;
- shares of our common stock issuable as restricted stock units to be granted under our 2020 Plan upon the pricing of this offering; and
- shares of common stock reserved for issuance under our ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for future issuance thereunder.

DILUTION

If you invest in our common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of common stock and the pro forma as adjusted net tangible book value per share immediately after this offering.

Our pro forma net tangible book value as of March 29, 2020 was $ million, or $ per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of our shares of common stock outstanding as of March 29, 2020, after giving effect to the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of shares of common stock, which will occur immediately prior to the completion of this offering.

After giving effect to the sale by us of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 29, 2020 would have been $ million, or $ per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by investors purchasing common stock in this offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value per share as of March 29, 2020	$0.53	
Increase per share attributable to the pro forma adjustments described above		
Pro forma net tangible book value per share as of March 29, 2020	$	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after giving effect to this offering		
Dilution per share to new investors in this offering		$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and increase (decrease) the dilution to new investors by $ per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase of 1,000,000 shares in the number of shares of common stock offered by us would increase our pro forma as adjusted net tangible book value by approximately $ per share and decrease the dilution to new investors by approximately $ per share, and each decrease of 1,000,000 shares in the number of shares of common stock offered by us would decrease our pro forma as adjusted net tangible book value by approximately $ per share and increase the dilution to new investors by approximately $ per share, in each case assuming the assumed initial public offering price of $ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, as of March 29, 2020, on a pro forma as adjusted basis as described above, the number of shares of our common stock, the total consideration and the average price per share (1) paid to us by existing stockholders and (2) to be paid by new investors acquiring our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	13,876,205	%	$48,670,042	%	$ 3.51
New investors					
Totals		100.0%	$	100.0%	

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of common stock that will be outstanding after this offering is based on 13,876,205 shares of common stock outstanding as of March 29, 2020, and excludes:

- 1,998,077 shares of common stock issuable on the exercise of outstanding stock options as of March 29, 2020 under our 2013 Plan with a weighted-average exercise price of $8.81 per share;
- shares of common stock issuable upon the exercise of outstanding stock options issued after March 29, 2020 pursuant to our 2013 Plan with a weighted-average exercise price of $ per share;
- 80,000 shares of common stock issued on June 9, 2020 upon the exercise of a common stock warrant;
- shares of common stock reserved for future issuance under our 2020 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for issuance thereunder, and any shares underlying outstanding stock awards granted under our 2013 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled “Executive Compensation—Employee Benefit Plans”;
- shares of our common stock issuable upon the exercise of stock options to be granted under our 2020 Plan upon the pricing of this offering with an exercise price per share equal to the initial public offering price per share;
- shares of our common stock issuable as restricted stock units to be granted under our 2020 Plan upon the pricing of this offering; and

- shares of common stock reserved for issuance under our ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future increases, including annual automatic evergreen increases, in the number of shares of common stock reserved for future issuance thereunder.

To the extent that any outstanding stock options are exercised or new stock options are issued under our equity incentive plans, or that we issue additional shares of capital stock in the future, there will be further dilution to investors participating in this offering. If all outstanding stock options under our 2013 Plan as of March 29, 2020 were exercised, then our existing stockholders, including the holders of those stock options, would own %, and new investors would own %, of the total number of shares of our capital stock outstanding following the completion of this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statements of operations data for the fiscal years ended December 31, 2017, December 30, 2018 and December 29, 2019 and the selected consolidated balance sheet data as of December 30, 2018 and December 29, 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected condensed consolidated statements of operations data for the fiscal quarters ended March 31, 2019 and March 29, 2020 and the selected condensed consolidated balance sheet data as of March 29, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and related notes and the information in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for any period in the future.

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Net revenue	$ 74,000	$ 106,713	$ 140,733	$ 32,945	$ 47,579
Cost of goods sold	55,612	71,894	97,856	21,439	31,724
Gross profit	18,388	34,819	42,877	11,506	15,855
Operating expenses:					
Selling, general and administrative(1)	14,261	19,437	29,526	5,164	9,678
Shipping and distribution	5,724	8,615	10,001	2,079	3,274
Total operating expenses	19,985	28,052	39,527	7,243	12,952
(Loss) income from operations	(1,597)	6,767	3,350	4,263	2,903
Other (expense) income, net					
Interest expense, net	(524)	(424)	(349)	(86)	(158)
Other income	9	9	1,417	1,269	20
Total other (expense) income, net	(515)	(415)	1,068	1,183	(138)
Net (loss) income before income taxes	(2,112)	6,352	4,418	5,446	2,765
Provision for income taxes	33	723	1,106	1,421	831
Net (loss) income	(2,145)	5,629	3,312	4,025	1,934
Less: Net (loss) income attributable to noncontrolling interests	$ (225)	$ (168)	$ 927	$ 967	$ (11)
Net (loss) income attributable to Vital Farms, Inc. common stockholders, basic and diluted	$ (1,920)	$ 5,797	$ 2,385	$ 3,058	$ 1,945
Net (loss) income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic	$ (0.18)	$ 0.55	$ 0.23	$ 0.29	$ 0.18
Diluted	$ (0.18)	$ 0.40	$ 0.16	$ 0.21	$ 0.13
Weighted-average shares used to compute net (loss) income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic	10,486,127	10,491,737	10,527,332	10,659,342	10,545,647
Diluted	10,486,127	14,332,767	14,663,030	14,539,043	15,088,844
Pro forma net income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic			$		
Diluted			$		
Weighted-average shares used to compute pro forma net income per share attributable to Vital Farms, Inc. common stockholders:(2)					
Basic					
Diluted					

(1) Includes stock-based compensation expense of $495, $600 and $1,029 for the fiscal years 2017, 2018 and 2019, respectively, and $143 and $448 for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.
(2) See Note 17 to our consolidated financial statements and Note 14 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net (loss) income per share attributable to Vital Farms, Inc. common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of		
	December 30, 2018	December 29, 2019	March 29, 2020
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 11,815	$ 1,274	$ 1,711
Working capital(1)	10,289	9,653	9,779
Total assets	49,855	61,948	67,422
Long-term debt, net of issuance costs, including current portion	3,807	5,056	10,216
Contingent consideration, including current portion	991	652	582
Total liabilities	22,377	30,099	33,181
Convertible preferred stock	23,036	23,036	23,036
Total stockholders' equity	4,267	8,638	11,030

(1) Working capital is defined as current assets less current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

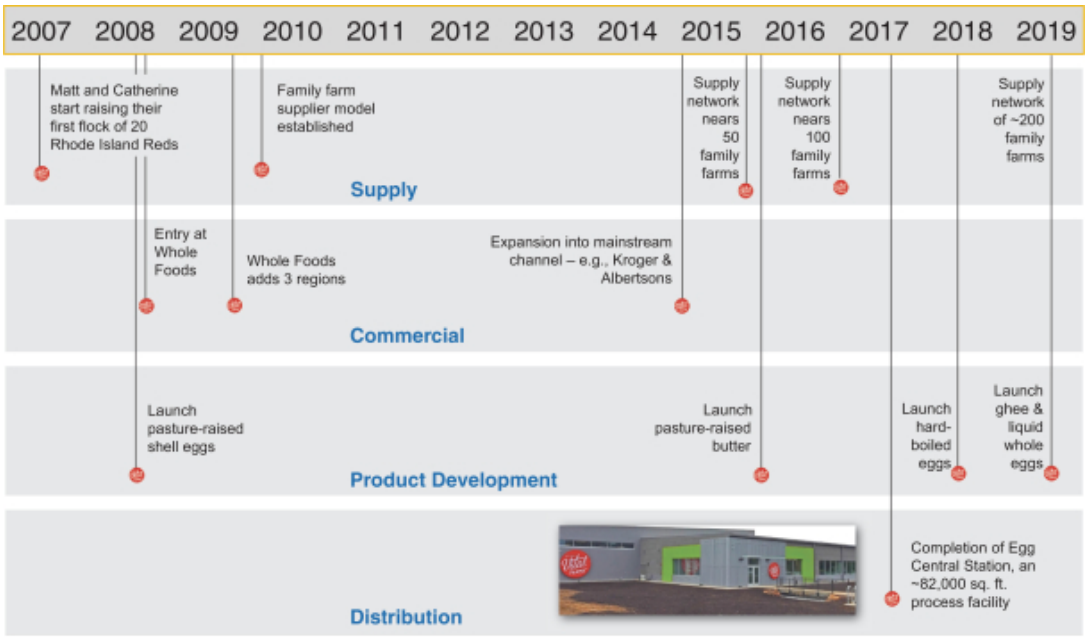
The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Consolidated Financial Data" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and in the section titled "Risk Factors."

Overview

Vital Farms is an ethical food company that is disrupting the U.S. food system. We have developed a framework that challenges the norms of the incumbent food model and allows us to bring high-quality products from our network of small family farms to a national audience. This framework has enabled us to become the leading U.S. brand of pasture-raised eggs and butter and the second largest U.S. egg brand by retail dollar sales. Our ethics are exemplified by our focus on the humane treatment of farm animals and sustainable farming practices. We believe these standards produce happy hens with varied diets, which produce better eggs. There is a seismic shift in consumer demand for ethically produced, natural, traceable, clean label, great-tasting and nutritious foods. Supported by a steadfast adherence to the values on which we were founded, we have designed our brand and products to appeal to this consumer movement.

Our purpose is rooted in a commitment to Conscious Capitalism, which prioritizes the long-term benefits of each of our stakeholders (farmers and suppliers, customers and consumers, communities and the environment, crew members and stockholders). Our business decisions consider the impact on all of our stakeholders, in contrast with the factory farming model, which principally emphasizes cost reduction at the expense of animals, farmers, consumers, crew members, communities and the environment. These principles guide our day-to-day operations and, we believe, help us deliver a more sustainable and successful business. Our approach has been validated by our financial performance and our designation as a Certified B Corporation, a certification reserved for businesses that balance profit and purpose to meet the highest verified standards of social and environmental performance, public transparency and legal accountability.

Vital Farms was founded in 2008, and our pasture-raised shell eggs were launched at Whole Foods in the same year. Since then, we have expanded our operations and our portfolio of pasture-raised food products as illustrated below:



We source our pasture-raised products from a network of approximately 200 small family farms. We have strategically designed our supply chain to ensure high-production standards and optimal year-round operation. We are motivated by the positive impact we have on rural communities and enjoy a strong relationship and reputation with our network of farmers.

We primarily work with our farms pursuant to buy-sell contracts. Under these arrangements, the farmer is responsible for all of the working capital and investments required to produce the eggs and manage the farm, including purchasing the birds and feed supply. We are contractually obligated to purchase all of the eggs produced by the farmer during the term of the contract at an agreed upon price that depends upon pallet weight and is indexed quarterly in arrears for changes in feed cost.

We believe we are a strategic and valuable partner to retailers. We have continued to command premium prices for our products, including our shell eggs, which sell for as much as three times the price of commodity eggs. Our loyal and growing consumer base has fueled the expansion of our brand from the natural channel to the mainstream channel. We believe the success of our brand demonstrates that consumers are demanding premium products that meet a higher ethical standard of food production. We have a strong presence at Kroger, Sprouts, Target and Whole Foods, and we also sell our pasture-raised products at Albertsons, Publix and Walmart. We offer 20 retail SKUs through a multi-channel retail distribution network. We believe we have significant room for growth within the retail and, in the medium- to long-term, foodservice channels through growing brand awareness, gaining additional points of distribution and new product innovation.

Our shell eggs are collected from farmers by a third-party freight carrier and placed in cold storage until we pack them for shipping to our customers at our state-of-the-art shell egg processing facility, Egg Central Station. Egg Central Station is approximately 82,000 square feet and utilizes highly automated equipment to grade and

package our shell egg products. Egg Central Station is capable of packing three million eggs per day and has achieved Safe Quality Food, or SQF, Level 3 certification, the highest level of such certification from the Global Food Safety Initiative. In addition, Egg Central Station, is the only egg facility, and we are one of only six companies, globally to have received the SQF Institute, or SQFI, Select Site certification. To distribute our products, we use a broker-distributor-retailer network whereby brokers represent our products to distributors and retailers who will in turn sell our products to consumers. We serve the majority of natural channel customers through food distributors, such as US Foods and KeHE, which purchase, store, sell and deliver our products to Whole Foods and Sprouts, respectively. In fiscal years 2017, 2018 and 2019, UNFI (which was Whole Foods' distributor through March 2020) accounted for approximately 36%, 36% and 35% of our net revenue and KeHE accounted for approximately 9%, 10% and 11% of our net revenue, respectively. In the fiscal quarters ended March 31, 2019 and March 29, 2020, UNFI accounted for approximately 37% and 33% of our net revenue, respectively, and KeHE accounted for approximately 12% and 11% of our net revenue, respectively. We serve mainstream retailers by arranging for delivery of our products directly through their distribution centers. We also leverage distributor relationships to fulfill orders for certain independent grocers and other customers.

We have experienced consistent sales growth. We had net revenue of $74.0 million, $106.7 million and $140.7 million, net (loss) income (loss) of $(2.1) million, $5.6 million and $3.3 million, and Adjusted EBITDA of $(0.2) million, $7.9 million and $6.4 million in the fiscal years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively. We had net revenue of $32.9 million and $47.6 million, net income of $4.0 million and $1.9 million, and Adjusted EBITDA of $4.8 million and $3.8 million in the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively. See the section titled "—Non-GAAP Financial Measure—Adjusted EBITDA" below for the definition of Adjusted EBITDA, as well as a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure stated in accordance with GAAP.

COVID-19 Business Update

With the global spread of the ongoing COVID-19 pandemic in the fiscal quarter ended March 29, 2020, we established a cross-functional task force and have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our business and our stakeholders, comprised of farmers and suppliers, customers and consumers, communities and the environment, crew members and stockholders. While we are not experiencing material adverse impacts at this time, given the global economic slowdown, the overall disruption of global supply chains and distribution systems and the other risks and uncertainties associated with the pandemic, our business, financial condition, results of operations and growth prospects could be materially and adversely affected. We continue to closely monitor the COVID-19 situation as we evolve our business continuity plans and response strategy. In March 2020, the majority of our crew members at our headquarters transitioned to working remotely.

Supply Chain

Egg Central Station currently continues to be operational and we have implemented a number of measures to prevent and mitigate any outbreak of COVID-19 at that facility; however, we are managing operations through "essential" on-site staff and flexible work arrangements, and may need to further modify or reduce operations due to the evolving effects of the COVID-19 pandemic.

We are working closely with our farmers, suppliers and third-party manufacturers to manage our supply chain activities and mitigate potential disruptions to our product supplies as a result of the COVID-19 pandemic. We currently expect to have an adequate supply of eggs to meet anticipated demand in fiscal 2020, as well as adequate capacity for packing and processing our eggs. Additionally, as a result of the COVID-19 pandemic, there have been recent disruptions in the U.S. pasture-raised milk supply, including significant drops in prices and demand, which have resulted in the loss of suppliers. While we have worked with our co-manufacturers to mitigate these supply disruptions, and as a result there has been no impact on our ability to fill customer orders

for pasture-raised butter or ghee products, we expect that these supply disruptions will continue for the foreseeable future and that they may be further exacerbated by the ongoing effects of the COVID-19 pandemic. If the COVID-19 pandemic persists for an extended period of time and further impacts egg or milk supply, or disrupts our essential distribution systems, we could experience disruptions to our supply chain and operations, and associated delays in the manufacturing and supply of our products, which would adversely impact our ability to generate sales of and revenues from our products.

Corporate Development

With cash and cash equivalents of $1.7 million as of March 29, 2020 and access to additional funds under our Credit Facility, we anticipate having sufficient liquidity to make investments in our business this fiscal year in support of our long-term growth strategy. We expect that our cash and cash equivalents as of March 29, 2020, together with cash provided by our operating activities and proceeds from borrowings under our existing Credit Facility, will be sufficient to fund our operating expenses for at least the next 12 months. Our future capital requirements will depend on many factors, including our pace of new and existing customer growth, our investments in innovation, our investments in partnerships and unexplored channels and the costs associated with our expansion of Egg Central Station. We may be required to seek additional equity or debt financing. However, the COVID-19 pandemic continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. If the disruption persists and deepens, we could experience an inability to access additional capital, which could in the future negatively affect our operations. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation and product expansion, we may not be able to compete successfully, which would harm our business, operations and results of operations.

Other Financial and Corporate Impacts

While the COVID-19 pandemic has not materially adversely affected our business operations and financial results, the extent of its impact on our ability to expand our household penetration, grow within the retail channel and execute on our corporate development objectives will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States, and the effectiveness of actions taken globally to contain and treat the disease. For example, if remote work policies for certain portions of our business, or for our business partners, are extended longer than we currently expect, we may need to reassess our priorities and our corporate objectives for the fiscal year. Additionally, while the transition of the majority of our headquarters crew members to remote working in March 2020 has not materially disrupted our business operations, our financial close or reporting processes or the functioning of our internal controls, we are continuing to monitor these processes and may need to adjust them in the future as a result of the fluid nature of the COVID-19 pandemic and its impact on our operations.

Our Fiscal Year

We report on a 52-53-week fiscal year, ending on the last Sunday in December, effective beginning with the first quarter of fiscal 2018. In a 52-53-week fiscal year, each fiscal quarter consists of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. Our first 53-week fiscal year will be fiscal 2023, which we expect to begin on December 26, 2022 and end on December 31, 2023. See Note 1 to our consolidated financial statements and Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details related to our fiscal calendar.

Key Factors Affecting Our Business

We believe that the growth of our business and our future success are dependent upon many factors. While each of these factors presents significant opportunities for us, they also pose important challenges that we must successfully address to enable us to sustain the growth of our business and improve our results of operations.

Expand Household Penetration

We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethical, great-tasting and nutritious foods. We believe there is substantial opportunity to grow our consumer base and increase the velocity at which households purchase our products. U.S. household penetration for the shell egg category is approximately 93%, while the household penetration for our pasture-raised shell eggs is approximately 2%. We intend to increase household penetration by continuing to invest significantly in sales and marketing to educate consumers about our brand, our values and the premium quality of our products. We believe these efforts will educate consumers on the ethical value and the attractive attributes of pasture-raised food, generate further demand for our products and ultimately expand our consumer base. Our ability to attract new consumers will depend, among other things, on the perceived value and quality of our products, the offerings of our competitors and the effectiveness of our marketing efforts. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the U.S. natural food market in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives.

Grow Within the Retail Channel

We believe that our ability to increase the number of customers that sell our products to consumers is an indicator of our market penetration and our future business opportunities. We define our customers as the entities that sell our products to consumers. With certain of our retail customers, like Whole Foods and Sprouts, we sell our products through distributors. We are not able to precisely attribute our net revenue to a specific retailer for products sold through such channels. We rely on third-party data to calculate the portion of retail sales attributable to such retailers, but this data is inherently imprecise because it is based on gross sales generated by our products sold at retailers, without accounting for price concessions, promotional activities or chargebacks, and because it measures retail sales for only the portion of our retailers serviced through distributors. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 37%, 33% and 31% of our retail sales in fiscal years 2017, 2018 and 2019, respectively, and Sprouts accounted for approximately 7%, 9% and 8% of our retail sales in fiscal years 2017, 2018 and 2019, respectively. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 33% and 32% of our retail sales for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively, and Sprouts accounted for approximately 9% and 7% of our retail sales for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.

As of March 2020, there are more than 13,000 stores selling our products. We expect the retail channel to be our largest source of net revenue for the foreseeable future. By capturing greater shelf space, driving higher product velocities and increasing our SKU count, we believe there is meaningful runway for further growth with existing retail customers. Additionally, we believe there is significant opportunity to gain incremental stores from existing customers as well as by adding new retail customers. We also believe there is significant further long-term opportunity in additional distribution channels, including the convenience, drugstore, club, military and international markets. Our ability to execute on this strategy will increase our opportunities for incremental sales to consumers, and we also believe this growth will allow for margin expansion. To accomplish these objectives, we intend to continue leveraging consumer awareness of and demand for our brand, offering targeted sales incentives to our customers and utilizing customer-specific marketing tactics. Our ability to grow within the retail channel will depend on a number of factors, such as our customers' satisfaction with the sales, product velocities and profitability of our products.

Expand Footprint Across Foodservice

We believe there is a significant opportunity to expand sales of our products in the foodservice channel in the medium- to long-term. In fiscal 2019, the foodservice channel accounted for approximately 2% of our net revenue, and in the fiscal quarter ended March 29, 2020, the foodservice channel accounted for approximately 3% of our net revenue. Our brand has a differentiated value proposition with consumers, who we believe are increasingly demanding ethically produced ingredients when they eat outside of the home. We believe that more consumers will look for our products on menus, particularly with foodservice partners whose values are aligned with our own, and that on-menu branding of our products as ingredients in popular meals and menu items will drive traffic and purchases in the foodservice channel. We also believe that branded foodservice offerings will further help drive consumer awareness of our brand and purchase rates of our products in the retail channel. One example of our successful foodservice programs is with Tacodeli LLC, a popular chain based in Austin, Texas, which sells breakfast tacos made exclusively with our pasture-raised shell eggs across 11 restaurant locations and more than 100 points of distribution, such as coffee shops and farmers market stands, across Texas. We also believe there is significant additional opportunity in micro-markets, corporate offices, the hospitality industry, and colleges and universities in the medium- to long-term. We intend to continue to invest in relationships with foodservice operators, including to support joint marketing and advertising of our products. Expansion in this channel will depend on the health of the foodservice industry generally and on our ability to successfully partner with foodservice operators in a manner that leverages and reinforces our value proposition with consumers.

Expand Our Product Offerings

We intend to continue to strengthen our product offerings by investing in innovation in new and existing categories. We launched pasture-raised hard-boiled eggs in 2018 and pasture-raised ghee and liquid whole eggs in 2019, and we believe there is opportunity to expand in the future into the refrigerated value-added dairy category, among others. Eggs generated $128.6 million, or 91%, of net revenue in fiscal 2019 and $43.9 million, or 92%, of net revenue in the fiscal quarter ended March 29, 2020. We expect eggs will be our largest source of net revenue for the foreseeable future. We believe that investments in innovation will contribute to our long-term growth, including by reinforcing our efforts to increase household penetration. Our ability to successfully develop, market and sell new products will depend on a variety of factors, including the availability of capital to invest in innovation, as well as changing consumer preferences and demand for food products.

Components of Results of Operations

Net Revenue

We generate net revenue primarily from sales of our products, including pasture-raised eggs, pasture-raised butter and other ethically produced food, to our customers, which include natural retailers, mainstream retailers and foodservice partners. We sell our products to customers on a purchase-order basis. We serve the majority of our natural channel customers and certain independent grocers and other customers through food distributors, which purchase, store, sell and deliver our products to these customers.

We periodically offer sales incentives to our customers, including rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. We periodically provide chargebacks to our customers, which include credits or discounts to customers in the event that products do not conform to customer expectations upon delivery or expire at a customer’s site. We record a provision for sales incentives at the later of the date at which the related revenue is recognized or when the sales incentive is offered. At the end of each accounting period, we recognize a liability for an estimated promotional allowance reserve. We treat chargebacks and discount offers, when accepted by customers, as a reduction of the sales price of the related transaction. We anticipate that these promotional activities, chargebacks and discount offers could impact our net revenue and that changes in such activities could impact period-over-period results.

Our pasture-raised shell eggs are sold to consumers at a premium price point, and when prices for commodity shell eggs fall relative to the price of our pasture-raised shell eggs, price-sensitive consumers may choose to purchase commodity shell eggs offered by our competitors instead of our pasture-raised eggs. As a result, low commodity shell egg prices may adversely affect our net revenue. Net revenue may also vary from period to period depending on the purchase orders we receive, the volume and mix of our products sold, and the channels through which our products are sold.

Cost of Goods Sold

Cost of goods sold consists primarily of the cost of eggs, butter and other raw materials, product packaging, co-manufacturing fees, direct labor and associated overhead costs, and plant and equipment depreciation and amortization. In addition, our cost of goods sold includes warehousing and transportation of inventory.

We historically contracted with farmers on an integrator basis, under which we purchased the birds required to produce the eggs, and provided the birds and feed supply to the farmer. Our integrator contracts generally have seven-year terms. In 2015, we shifted our focus toward a model in which we enter into buy-sell contracts with new farmers and existing farmers when their contracts expire. Our buy-sell contracts generally have three-year terms. Under these arrangements, the farmer is responsible for all of the working capital and investments required to produce the eggs and manage the farm, including purchasing the birds and feed supply. As of March 29, 2020, approximately 98% of the laying hens in our network of family farms were under buy-sell contracts and the remainder were under integrator contracts. The price we pay to purchase shell eggs from farmers fluctuates based on pallet weight, and under our buy-sell contracts, the price we pay is also indexed quarterly in arrears for changes in feed cost, which may cause our agreed-upon pricing under these contracts to fluctuate on a quarterly basis.

We work with our co-manufacturing partners on a purchase-order basis to produce all non-shell, pasture-raised egg products, including butter, ghee, hard-boiled eggs and liquid whole eggs.

We expect our cost of goods sold to increase in absolute dollars to support our growth. However, we expect that, over time, cost of goods sold will decrease as a percentage of net revenue, as a result of the scaling of our business.

Gross Profit and Gross Margin

Gross profit consists of our net revenue less costs of goods sold. Gross profit was $42.9 million and gross margin was 30% in fiscal 2019 and gross profit was $15.9 million and gross margin was 33% in the fiscal quarter ended March 29, 2020. Gross profit and gross margin have been benefited by in-sourcing egg processing through Egg Central Station, which was completed in September 2017.

Gross profit and gross margin can be negatively affected by feed costs and commodity shell egg prices. As we continue to expand production, increase processing efficiency, leverage the cost of our fixed production and staff costs, and introduce new egg products to better utilize our existing egg supply, we expect to have the opportunity to increase our gross margins over time.

Operating Expenses

Operating expenses consist of selling, general and administrative and shipping and distribution expenses.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of broker and contractor fees for sales and marketing, and personnel costs for sales and marketing, finance, human resources and other administrative

functions, consisting of salaries, benefits, bonuses, stock-based compensation expense and sales commissions. Selling, general and administrative expenses also include advertising and digital media costs, agency fees, travel and entertainment costs, and costs associated with consumer promotions, product samples, sales aids incurred to acquire new customers, retain existing customers and build our brand awareness, overhead costs for facilities, including associated depreciation and amortization expenses, and information technology-related expenses. We expect selling, general and administrative expenses to increase in absolute dollars as we continue to scale our operations to meet our product demand, continue to build brand equity across our product portfolio, add personnel to our sales and marketing organization, and operate as a public company with increased personnel costs in the finance, legal and accounting functions.

Shipping and Distribution

Shipping and distribution expenses consist primarily of costs related to third-party freight for our products. We expect shipping and distribution expenses to increase in absolute dollars as we continue to scale our business.

Other (Expense) Income, Net

Other (expense) income, net consists primarily of interest paid on our term loan under our revolving credit, term loan and security agreement, or the Credit Facility. Other (expense) income, net also includes income earned on our money market funds included in cash and cash equivalents, interest income associated with our notes receivable from related parties and income earned related to a litigation settlement involving Ovabrite, Inc., or Ovabrite.

Provision for Income Taxes

Provision for income taxes consists of United States federal and state income taxes.

Net (Loss) Income Attributable to Noncontrolling Interests

In December 2016, we entered into an assignment and assumption agreement with Ovabrite, a technology company focused on developing technologies to detect egg fertility and chick gender. The initial stockholders of Ovabrite are also our stockholders, and the largest stockholder of Ovabrite is Matthew O'Hayer, our founder and executive chairman. In addition, we provide substantially all of the funding for the operations of Ovabrite.

Based upon this and other aspects of Ovabrite's design and operation, we determined that Ovabrite is a variable interest entity, or VIE, and we are the primary beneficiary as we have (i) the power to direct the activities of Ovabrite that most significantly impact Ovabrite's economic performance and (ii) the obligation to absorb losses that could potentially be significant to Ovabrite, or the right to receive benefits from Ovabrite that could potentially be significant to Ovabrite. Accordingly, we consolidate the results of Ovabrite and recognize the noncontrolling interests related to the VIE as equity in our consolidated financial statements separate from the parent entity's equity. Ovabrite's other stockholders' share of its earnings or loss is recorded in the consolidated statement of operations as net loss attributable to noncontrolling interests.

The results of operations data for the fiscal years ended December 31, 2017, December 30, 2018 and December 29, 2019 have been derived from the audited consolidated financial statements included elsewhere in this prospectus. The results of operations data for the fiscal quarters ended March 31, 2019 and March 29, 2020 have been derived from the unaudited condensed consolidated financial statements included elsewhere in this prospectus. The following table sets forth our results of operations for the periods presented:

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands)				
Net revenue	$ 74,000	$ 106,713	$ 140,733	$ 32,945	$ 47,579
Cost of goods sold	55,612	71,894	97,856	21,439	31,724
Gross profit	18,388	34,819	42,877	11,506	15,855
Operating expenses:					
Selling, general and administrative (1)	14,261	19,437	29,526	5,164	9,678
Shipping and distribution	5,724	8,615	10,001	2,079	3,274
Total operating expenses	19,985	28,052	39,527	7,243	12,952
(Loss) income from operations	(1,597)	6,767	3,350	4,263	2,903
Other (expense) income, net:					
Interest expense, net	(524)	(424)	(349)	(86)	(158)
Other income	9	9	1,417	1,269	20
Total other (expense) income, net	(515)	(415)	1,068	1,183	(138)
Net (loss) income before income taxes	(2,112)	6,352	4,418	5,446	2,765
Provision for income taxes	33	723	1,106	1,421	831
Net (loss) income	(2,145)	5,629	3,312	4,025	1,934
Less: Net (loss) income attributable to noncontrolling interests	(225)	(168)	927	967	(11)
Net (loss) income attributable to Vital Farms, Inc. common stockholders	$ (1,920)	$ 5,797	$ 2,385	$ 3,058	$ 1,945

(1) Includes stock-based compensation expense of $495, $600 and $1,029 for the fiscal years 2017, 2018 and 2019, respectively, and $143 and $448 for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.

The following table sets forth our consolidated statement of operations data expressed as a percentage of net revenue for the periods presented:

Comparison of the Fiscal Quarters Ended March 31, 2019 and March 29, 2020 (Unaudited)

	Fiscal Quarter Ended			
	March 31, 2019		March 29, 2020	
	Amount	% of Revenue	Amount	% of Revenue
	(dollars in thousands)			
Net revenue	$32,945	100%	$47,579	100%
Cost of goods sold	21,439	65%	31,724	67%
Gross profit	11,506	35%	15,855	33%
Operating expenses:				
Selling, general and administrative	5,164	16%	9,678	20%
Shipping and distribution	2,079	6%	3,274	7%
Total operating expenses	7,243	22%	12,952	27%
Income from operations	4,263	13%	2,903	6%
Other income (expense), net:				
Interest expense	(86)	—	(158)	—
Other income	1,269	4%	20	—
Total other income (expense), net	1,183	4%	(138)	—
Net income before income taxes	5,446	17%	2,765	6%
Provision for income taxes	1,421	4%	831	2%
Net income	4,025	12%	1,934	4%

Net Revenue

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Net revenue	$ 32,945	$ 47,579	$14,634	44%

Net revenue was $32.9 million for the fiscal quarter ended March 31, 2019 as compared to $47.6 million for the fiscal quarter ended March 29, 2020. The increase of $14.7 million, or 44%, was primarily driven by an increase in gross egg sales of $15.0 million, an increase in gross butter sales of $0.4 million and an increase in gross ghee sales, a product that launched in the second half of fiscal 2019, of $0.2 million. The increases were partially offset by an increase of $0.9 million of sales incentives offered to customers in connection with our egg sales. The increases in egg sales and butter sales were primarily due to new customers, additional points of distribution for existing customers, a higher turnover rate of sales to our retail customers and an increase in the number of SKUs on the shelves of existing customers. Net revenue from sales through our retail channel was $32.2 million and $44.7 million for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively, net revenue from sales through our foodservice channel was $0.6 million and $1.2 million for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively, and net revenue from sales to wholesalers and egg breaking plants was $0.1 million and $1.7 million for the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.

Cost of Goods Sold

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Cost of goods sold	$ 21,439	$ 31,724	$10,285	48%
Percentage of net revenue	65%	67%		

Cost of goods sold was $21.4 million for the fiscal quarter ended March 31, 2019 as compared to $31.7 million for the fiscal quarter ended March 29, 2020. The increase of $10.3 million, or 48%, was primarily driven by increases associated with the cost of eggs of $8.4 million, cost of butter of $0.6 million, cost of ghee of $0.2 million, costs associated with warehousing and transportation of inventory of $0.8 million, and direct labor and overhead costs of $0.3 million. The increase in costs associated with egg and butter sales, increase in costs associated with our warehousing and transportation of inventory, and increase in cost of goods sold associated with direct labor and overhead costs were primarily due to our increased sales volume.

Gross Profit and Gross Margin

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Gross profit	$ 11,506	$ 15,855	$ 4,349	38%
Gross margin	35%	33%		(2%)

Gross profit was $11.5 million and gross margin was 35% for the fiscal quarter ended March 31, 2019 as compared to gross profit of $15.9 million and gross margin of 33% for the fiscal quarter ended March 29, 2020. Gross margin decreased by 2% due to a higher volume of eggs sold into the wholesale market at cost.

Operating Expenses

Selling, General and Administrative

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Selling, general and administrative	$ 5,164	$ 9,678	$ 4,514	87%
Percentage of net revenue	16%	20%		

Selling, general and administrative expenses were $5.2 million for the fiscal quarter ended March 31, 2019 as compared to $9.7 million for the fiscal quarter ended March 29, 2020. The increase of $4.5 million, or 87%, was primarily driven by an increase in employee-related costs driven by an overall increase in employee headcount to support our growth, an increase in marketing programs and associated expenses and commission payments made to third parties that sell our products to our customers due to our continued investment in brand marketing and direct advertising and an increase in corporate development expenses associated with our accounting and legal functions as we prepare to operate as a public company.

Shipping and Distribution

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Shipping and distribution	$ 2,079	$ 3,274	$ 1,195	57%
Percentage of net revenue	6%	7%		

Shipping and distribution expenses were $2.1 million for the fiscal quarter ended March 31, 2019 as compared to $3.3 million for the fiscal quarter ended March 29, 2020. The increase of $1.2 million, or 57%, was primarily driven by an increase in sales volume that resulted in increased costs related to third-party freight for our products.

Other Income (Expense), Net

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Other income (expense), net	$ 1,183	$ (138)	$ (1,321)	(112%)
Percentage of net revenue	4%	0%		

Other income, net was $1.2 million for the fiscal quarter ended March 31, 2019 as compared to other expense, net of $0.1 million for the fiscal quarter ended March 29, 2020. The decrease of $1.3 million, or 112%, was primarily driven by a January 2019 gain of $1.2 million in connection with the settlement of claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff. The remaining $0.1 million decrease was primarily driven by a decrease in interest income associated with our money market funds and notes receivable from related parties.

Provision for Income Taxes

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Provision for income taxes	$ 1,421	$ 831	$ (590)	(42%)
Percentage of net revenue	4%	2%		

Provision for income taxes was $1.4 million for the fiscal quarter ended March 31, 2019 as compared to $0.8 million for the fiscal quarter ended March 29, 2020. The decrease of $0.6 million, or 42%, was driven by higher pre-tax income during the fiscal quarter ended March 31, 2019 as compared to the fiscal quarter ended March 29, 2020.

Net Income (Loss) Attributable to Noncontrolling Interests

	Fiscal Quarter Ended			
	March 31, 2019	March 29, 2020	$ Change	% Change
	(in thousands)			
Net income (loss) attributable to noncontrolling interests	$ 967	$ (11)	$ (978)	(101%)

Net income attributable to noncontrolling interests was $1.0 million for the fiscal quarter ended March 31, 2019 as compared to net loss attributable to noncontrolling interests of $11,000 for the fiscal quarter ended March 29, 2020. The decrease of $1.0 million, or 101%, was primarily driven by a gain of $1.2 million in January 2019 in connection with a lawsuit settlement in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff, partially offset by higher operating costs of Ovabrite in the fiscal quarter ended March 31, 2019 as compared to the fiscal quarter ended March 29, 2020.

Comparison of the Fiscal Years Ended December 30, 2018 and December 29, 2019

	Fiscal Year Ended			
	December 30, 2018		December 29, 2019	
	Amount	% of Revenue	Amount	% of Revenue
	(dollars in thousands)			
Net revenue	$106,713	100%	$140,733	100%
Cost of goods sold	71,894	67%	97,856	70%
Gross profit	34,819	33%	42,877	30%
Operating expenses:				
Selling, general and administrative	19,437	18%	29,526	21%
Shipping and distribution	8,615	8%	10,001	7%
Total operating expenses	28,052	26%	39,527	28%
Income from operations	6,767	6%	3,350	2%
Other (expense) income, net:				
Interest expense	(424)	—	(349)	—
Other income	9	—	1,417	1%
Total other (expense) income, net	(415)	—	1,068	1%
Net income before income taxes	6,352	6%	4,418	3%
Provision for income taxes	723	1%	1,106	1%
Net income	$ 5,629	5%	$ 3,312	2%

Net Revenue

	Fiscal Year Ended			
	December 30, 2018	December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Net revenue	$ 106,713	$ 140,733	$34,020	32%

Net revenue was $106.7 million for the fiscal year ended December 30, 2018 as compared to $140.7 million for the fiscal year ended December 29, 2019. The increase of $34.0 million, or 32%, was primarily driven by an increase in gross egg sales of $31.8 million, an increase in gross butter sales of $4.1 million and an increase in gross ghee sales, a product that launched in the second half of fiscal 2019, of $0.8 million. The increases were partially offset by an increase of $2.2 million of sales incentives offered to customers in connection with our egg sales, $0.4 million of sales incentives offered to customers in connection with our butter sales and $0.1 million of sales incentives offered to customers in connection with our ghee sales. The increases in egg sales and butter sales were primarily due to new customers, additional points of distribution for existing customers, a higher turnover rate of sales to our retail customers and an increase in the number of SKUs on the shelves of existing customers. Net revenue from sales through our retail channel was $104.6 million and $137.3 million for fiscal 2018 and fiscal 2019, respectively, and net revenue from sales through our foodservice channel was $2.1 million and $3.4 million for fiscal 2018 and fiscal 2019, respectively.

Cost of Goods Sold

	Fiscal Year Ended December 30, 2018	Fiscal Year Ended December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Cost of goods sold	$ 71,894	$ 97,856	$25,962	36%
Percentage of net revenue	67%	70%		

Cost of goods sold was $71.9 million for the fiscal year ended December 30, 2018 as compared to $97.9 million for the fiscal year ended December 29, 2019. The increase of $26.0 million, or 36%, was primarily driven by increases associated with the cost of eggs of $17.6 million, cost of butter of $3.8 million, costs of ghee of $0.6 million, costs associated with warehousing and transportation of inventory of $1.1 million, increases of $1.3 million associated with direct labor and overhead costs and increases of $1.6 million associated with payments made to our partner farms for lost income. The increase in costs associated with egg and butter sales were primarily due to our increased sales volume and the increase in costs associated with our warehousing and transportation of inventory was a result of increased inventory levels due to increased sales volume. The increase in costs associated with payments made to our partner farms for lost income were a result of removing birds from current flocks ahead of schedule due to changes in our projected product demand outlook. We do not anticipate incurring additional costs of this nature in connection with our long-term supply contracts with our partner farms; however, if our projected inventory levels exceed our projected product demand outlook, we may be required to further amend our long-term supply contracts to align with our product demand projections. Cost of goods sold associated with direct labor and overhead costs increased as a result of our increased sales volume.

Gross Profit and Gross Margin

	Fiscal Year Ended December 30, 2018	Fiscal Year Ended December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Gross profit	$ 34,819	$ 42,877	$ 8,058	23%
Gross margin	33%	30%		(3%)

Gross profit was $34.8 million and gross margin was 33% for the fiscal year ended December 30, 2018 as compared to gross profit of $42.9 million and gross margin of 30% for the fiscal year ended December 29, 2019. Gross profit and gross margin in fiscal 2019 were reduced by an increase in product donations of $2.6 million and costs of $1.6 million incurred in association with commitments made by us to reimburse partner farms for lost income in connection with removing birds from current flocks ahead of schedule. In addition, beginning in the fourth quarter of 2019, there was an increase in the market prices of raw materials used in the production of butter.

Operating Expenses

Selling, General and Administrative

	Fiscal Year Ended December 30, 2018	Fiscal Year Ended December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Selling, general and administrative	$ 19,437	$ 29,526	$10,089	52%
Percentage of net revenue	18%	21%		

Selling, general and administrative expenses were $19.4 million for the fiscal year ended December 30, 2018 as compared to $29.5 million for the fiscal year ended December 29, 2019. The increase of $10.1 million, or 52%, was primarily driven by an increase of $5.3 million related to our marketing programs and associated

expenses, an increase of $1.9 million in other general and administrative expenses, an increase of $1.2 million in personnel costs, a $1.0 million litigation gain in fiscal 2018 that did not have an effect in fiscal 2019 and an increase of $0.7 million of commission payments made to third parties that sell our products to our customers. The increases associated with our marketing programs and associated expenses and commission payments were primarily due to our continued investment in brand marketing and direct advertising, and the increase associated with our personnel costs was a direct result of increasing our headcount to support our marketing efforts and support our growth. The increase in other general and administrative expenses primarily consisted of increases in accounting and tax fees, travel and facility-related expenses. The litigation gain in fiscal 2018 resulted from the April 2018 settlement of a lawsuit in which we were the plaintiff.

Shipping and Distribution

	Fiscal Year Ended			
	December 30, 2018	December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Shipping and distribution	$ 8,615	$ 10,001	$ 1,386	16%
Percentage of net revenue	8%	7%		

Shipping and distribution expenses were $8.6 million for the fiscal year ended December 30, 2018 as compared to $10.0 million for the fiscal year ended December 29, 2019. The increase of $1.4 million, or 16%, was primarily driven by an increase in sales volume that resulted in increased costs related to cold storage and third-party freight for our products.

Other (Expense) Income, Net

	Fiscal Year Ended			
	December 30, 2018	December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Other (expense) income, net	$ (415)	$ 1,068	$ 1,483	357%
Percentage of net revenue	— %	1%		

Other expense, net was $0.4 million for fiscal year ended December 30, 2018 as compared to other income, net of $1.1 million for the fiscal year ended December 29, 2019. The increase of $1.5 million, or 357%, was primarily driven by a gain of $1.2 million in connection with the settlement of claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff. The remaining increase was primarily a result of interest income associated with our money market funds and notes receivable from related parties.

Provision for Income Taxes

	Fiscal Year Ended			
	December 30, 2018	December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Provision for income taxes	$ 723	$ 1,106	$ 383	53%
Percentage of net revenue	1%	1%		

Provision for income taxes was $0.7 million for the fiscal year ended December 30, 2018 as compared to $1.1 million for the fiscal year ended December 29, 2019. The increase was primarily driven by the reduction in our 2018 current federal tax expense in association with the reduction of our valuation allowance in 2018.

Net (Loss) Income Attributable to Noncontrolling Interests

	Fiscal Year Ended			
	December 30, 2018	December 29, 2019	$ Change	% Change
	(dollars in thousands)			
Net (loss) income attributable to noncontrolling interest	$ (168)	$ 927	$ 1,095	652%

Net loss attributable to noncontrolling interests was $0.2 million for the fiscal year ended December 30, 2018 as compared to net income attributable to noncontrolling interests of $0.9 million for the fiscal year ended December 29, 2019. The increase was primarily a result of a gain of $1.2 million in connection with the settlement of claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff, partially offset by the share of Ovabrite's net loss attributable to its other stockholders.

Comparison of the Fiscal Years Ended December 31, 2017 and December 30, 2018

	Fiscal Year Ended			
	December 31, 2017		December 30, 2018	
	Amount	% of Revenue	Amount	% of Net Revenue
	(dollars in thousands)			
Net revenue	$74,000	100%	$106,713	100%
Cost of goods sold	55,612	75%	71,894	67%
Gross profit	18,388	25%	34,819	33%
Operating expenses:				
Selling, general and administrative	14,261	19%	19,437	18%
Shipping and distribution	5,724	8%	8,615	8%
Total operating expenses	19,985	27%	28,052	26%
(Loss) income from operations	(1,597)	(2)%	6,767	6%
Other expense, net:				
Interest expense, net	(524)	(1)%	(424)	—
Other Income	9	—	9	—
Total other expense, net	(515)	(1)%	(415)	—
Net (loss) income before income taxes	(2,112)	(3)%	6,352	6%
Provision for income taxes	33	—	723	1%
Net (loss) income	$ (2,145)	(3)%	$ 5,629	5%

Net Revenue

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Net revenue	$ 74,000	$ 106,713	$32,713	44%

Net revenue was $74.0 million for the fiscal year ended December 31, 2017 as compared to $106.7 million for the fiscal year ended December 30, 2018. The increase of $32.7 million, or 44%, was primarily driven by an increase in gross egg sales of $34.9 million and an increase in gross butter sales of $3.9 million. The increases were partially offset by increases of $5.6 million of sales incentives offered to customers in connection with our egg sales and $0.5 million of sales incentives offered to customers in connection with our butter sales. The

increases in egg and butter sales were primarily due to volume increases to our distributors and a higher turnover rate of sales to our retail customers. Net revenue from sales through our natural and mainstream channels was $71.3 million and $104.6 million for fiscal 2017 and fiscal 2018, respectively. Net revenue from sales through our foodservice channel was $2.7 million and $2.1 million for fiscal 2017 and fiscal 2018, respectively.

Cost of Goods Sold

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Cost of goods sold	$ 55,612	$ 71,894	$16,282	29%
Percentage of net revenue	75%	67%		

Cost of goods sold was $55.6 million for the fiscal year ended December 31, 2017 as compared to $71.9 million for the fiscal year ended December 30, 2018. The increase of $16.3 million, or 29%, was primarily driven by increases associated with the cost of eggs of $10.1 million, cost of butter of $2.6 million and costs associated with warehousing and transportation of inventory of $1.0 million, all of which were primarily due to increased sales volume, as well as $3.6 million of direct labor and overhead costs. The cost increases were partially offset by a decrease of $1.0 million associated with payments to our partner farms, which we made in fiscal 2017 but not in fiscal 2018, for lost income as a result of removing birds from current flocks ahead of schedule.

Gross Profit and Gross Margin

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Gross profit	$ 18,388	$ 34,819	$16,431	89%
Gross margin	25%	33%		

Gross profit was $18.4 million for the fiscal year ended December 31, 2017 as compared to $34.8 million for the fiscal year ended December 30, 2018. Gross margin was 25% for fiscal 2017 as compared to 33% for fiscal 2018. Gross profit and gross margin were benefited by in-sourcing egg processing through Egg Central Station, which was completed in September 2017.

Operating Expenses

Selling, General and Administrative

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Selling, general and administrative	$ 14,261	$ 19,437	$ 5,176	36%
Percentage of net revenue	19%	18%		

Selling, general and administrative expenses were $14.3 million for the fiscal year ended December 31, 2017 as compared to $19.4 million for the fiscal year ended December 30, 2018. The increase of $5.2 million, or 36%, was primarily driven by an increase of $3.5 million related to our marketing programs and associated expenses, an increase of $1.8 million in personnel costs, a $1.0 million litigation gain offset by an increase of $0.3 million in other general and administrative expenses and $0.6 million of commission payments made to third parties that sell our products to our customers. The increases associated with our marketing programs and

associated expense and commission payments were primarily due to increases in brand marketing and direct advertising. The increase associated with our personnel costs was a direct result of increased headcount in our sales and marketing department in 2018, partially offset by rotating personnel out of general and administrative functions to our plant operations as a result of the completion of Egg Central Station in September 2017. The litigation gain resulted from the April 2018 settlement of a lawsuit in which we were the plaintiff. The increase in other general and administrative expenses primarily consisted of increases in travel and facility-related expenses.

Shipping and Distribution

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Shipping and distribution	$ 5,724	$ 8,615	$ 2,891	51%
Percentage of net revenue	8%	8%		

Shipping and distribution expenses were $5.7 million for the fiscal year ended December 31, 2017 as compared to $8.6 million for the fiscal year ended December 30, 2018. The increase of $2.9 million, or 51%, was primarily driven by an increase in sales volume that resulted in increased costs related to cold storage and third-party freight for our products.

Other Expense, Net

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Other expense, net	$ (515)	$ (415)	$ 100	(19)%
Percentage of net revenue	(1)%	— %		

Other expense, net was $0.5 million for the fiscal year ended December 31, 2017 as compared to $0.4 million for the fiscal year ended December 30, 2018. The decrease was primarily due to the declining principal balance on our debt.

Provision for Income Taxes

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Provision for income taxes	$ 33	$ 723	$ 690	2,091%
Percentage of net revenue	— %	1%		

Provision for income taxes was $33,000 for the fiscal year ended December 31, 2017 as compared to $0.7 million for the fiscal year ended December 30, 2018.

Net Loss Attributable to Noncontrolling Interests

	Fiscal Year Ended			
	December 31, 2017	December 30, 2018	$ Change	% Change
	(dollars in thousands)			
Net loss attributable to noncontrolling interests	$ (225)	$ (168)	$ 57	(25)%

Net loss attributable to noncontrolling interests was $0.2 million for the fiscal years ended December 31, 2017 and December 30, 2018, representing the share of Ovabrite's net loss that is attributable to its other stockholders.

Quarterly Results of Operations

The following table sets forth our unaudited condensed consolidated statement of operations data for each of the last eight fiscal quarters in the period ended March 29, 2020. The unaudited quarterly consolidated statements of operations data set forth below have been prepared on a basis consistent with our audited annual consolidated financial statements included elsewhere in this prospectus and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the results of operations for the periods presented. Our historical quarterly results are not necessarily indicative of the results that may be expected in any future period. The following quarterly financial data should be read in conjunction with our audited consolidated financial statements and the related notes and our unaudited condensed consolidated financial statements and the related notes included elsewhere in this prospectus.

	Fiscal Quarter Ended							
	July 1, 2018	September 30, 2018	December 30, 2018	March 31, 2019	June 30, 2019	September 29, 2019	December 29, 2019	March 29, 2020
	(dollars in thousands)							
Net revenue	$23,638	$ 27,042	$ 31,793	$ 32,945	$ 32,285	$ 34,082	$ 41,421	$ 47,579
Cost of goods sold	16,197	18,193	21,346	21,439	21,285	23,484	31,648	31,724
Gross profit	7,441	8,849	10,447	11,506	11,000	10,598	9,773	15,855
Gross margin	31%	33%	33%	35%	34%	31%	24%	33%
Operating expenses:								
Selling, general and administrative	2,983	4,927	6,499	5,164	4,758	7,069	12,535	9,678
Shipping and distribution	1,977	2,104	2,811	2,079	2,333	2,345	3,244	3,274
Total operating expenses	4,960	7,031	9,310	7,243	7,091	9,414	15,779	12,952
Income (loss) from operations	2,481	1,818	1,137	4,263	3,909	1,184	(6,006)	2,903
Other (expense) income, net:								
Interest expense	(95)	(100)	(133)	(86)	(79)	(85)	(99)	(158)
Other income	—	—	5	1,269	53	47	48	20
Total other (expense) income, net	(95)	(100)	(128)	1,183	(26)	(38)	(51)	(138)
Net income (loss) before income taxes	2,386	1,718	1,009	5,446	3,883	1,146	(6,057)	2,765
Provision (benefit) for income taxes	248	429	46	1,421	1,095	323	(1,733)	831
Net income (loss)	2,138	1,289	963	4,025	2,788	823	(4,324)	1,934
Less: Net (loss) income attributable to noncontrolling interests	(36)	(24)	(45)	967	(11)	(6)	(23)	(11)
Net income (loss) attributable to Vital Farms, Inc. stockholders	$ 2,174	$ 1,313	$ 1,008	$ 3,058	$ 2,799	$ 829	$ (4,301)	$ 1,945

Quarterly Revenue Trends

Our net revenues have generally increased sequentially in each fiscal quarter presented due to increased sales volume, except for the decline in net revenue from the fiscal quarter ended March 31, 2019 to the fiscal quarter ended June 30, 2019. Historically, our net revenues have generally declined from the first fiscal quarter to the second fiscal quarter of each fiscal year due to seasonal factors. Specifically, shell egg demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter, and lowest during the summer months.

Quarterly Cost of Goods Sold Trends

Our cost of goods sold is directly related to the amount of revenue that we generate and increases as our revenue increases. For the fiscal quarter ended September 29, 2019, our cost of goods sold also included an increase in market prices for the raw materials used in the production of butter. For the fiscal quarter ended December 29, 2019, our cost of goods sold included costs associated with commitments we made to reimburse farms for lost income in connection with the removal of birds from current flocks ahead of schedule due to changes in our projected product demand outlook. We included approximately $1.6 million in expected payments to farms under these commitments to cost of goods sold for the fiscal quarter ended December 29, 2019. We do not anticipate incurring additional costs of this nature in connection with our long-term supply contracts; however, if our projected inventory levels exceed our projected product demand outlook, we may be required to further amend our long-term supply contracts to align with our product demand projections.

Quarterly Gross Profit and Gross Margin Trends

With the exception of the fiscal quarters ended September 29, 2019, December 29, 2019 and March 29, 2020, gross profit and gross margin in the periods presented continued to grow in conjunction with the increase in net revenues. Gross profit and gross margin increased significantly as compared to prior periods in the fiscal quarters ended March 31, 2019 and June 30, 2019 due to improved leveraging of fixed costs facilitated by higher production volumes. Gross margin decreased in the fiscal quarter ended March 29, 2020 due to a higher volume of eggs sold into the wholesale market at cost. We anticipate that gross profit and gross margin may fluctuate from quarter to quarter because of variability in our production volumes and product mix.

Quarterly Operating Expense Trends

With the exception of the fiscal quarters ended July 1, 2018 and December 30, 2018, our operating expenses have generally increased sequentially in each quarter presented primarily due to increases in employee related costs, which include increased headcount, increases in selling, general and administrative expenses incurred to support our growth and variable increases in our shipping and distribution expenses. Selling, general and administrative expenses varied quarter to quarter, primarily due to the timing of our brand marketing events, a litigation gain of $1.0 million in connection with the settlement of a lawsuit in which we were the plaintiff in the fiscal quarter ended July 1, 2018 and a significant increase in costs in the fiscal quarter ended December 30, 2018 as a result of strategic initiatives we explored for our continued growth. Selling, general and administrative expenses increased sequentially throughout fiscal 2019 as a result of our increasing headcount to support our business growth. For fiscal 2018, shipping and distribution expenses fluctuated from quarter to quarter due to seasonal volume changes and inefficiencies in shipping and distribution that occurred in the fiscal quarter ended December 30, 2018. For fiscal 2019, quarterly shipping and distribution expenses fluctuated as a result of seasonal volume changes. We anticipate our operating expenses will continue to increase in absolute dollars in future periods as we invest in the long-term growth of our business and prepare to operate as a public company. Historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Liquidity and Capital Resources

Since inception, we have funded our operations with proceeds from sales of our capital stock, proceeds from borrowings and cash flows from the sale of our products. We had net income of $1.9 million for the fiscal quarter ended March 29, 2020 and retained earnings of $7.2 million as of March 29, 2020. We expect that our cash and cash equivalents, together with cash provided by our operating activities and proceeds from borrowings under our existing Credit Facility (as defined below), will be sufficient to fund our operating expenses for at least the next 12 months. Our future capital requirements will depend on many factors, including our pace of new and existing customer growth, our investments in innovation, our investments in partnerships and unexplored channels and the costs associated with our expansion of Egg Central Station. We may be required to seek

additional equity or debt financing. However, the COVID-19 pandemic continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. If the disruption persists and deepens, we could experience an inability to access additional capital, which could in the future negatively affect our operations. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation and product expansion, we may not be able to compete successfully, which would harm our business, operations and financial condition.

Credit Facility

Our Credit Facility with PNC Bank, National Association, or PNC Bank, includes a $4.7 million initial term loan, a $10.0 million revolving line of credit and an equipment loan with a maximum borrowing capacity of $3.0 million. The Credit Facility was originally entered into in October 2017 and matures in October 2022.

In April 2018, we entered into amended loan agreements with PNC Bank, which we refer to as the First Amendment Loan and the Second Amendment Loan, respectively. The First Amendment Loan amended the Credit Facility to decrease the maximum borrowings under the equipment loan from $1.5 million to $750,000, and to waive existing events of default. The Second Amendment Loan amended the Credit Facility to modify various definitions and terms that were not significant.

In February 2019, we entered into the Third Amendment to our Credit Facility, which we refer to as the Third Amendment Loan. The Third Amendment Loan amended the Credit Facility to waive existing events of default.

In February 2020, we entered into the Fourth Amendment to our Credit Facility, which we refer to as the Fourth Amendment Loan. The Fourth Amendment Loan amended and waived certain terms and conditions under our Credit Facility and increased the maximum borrowing capacity of the Credit Facility to $17.7 million. In addition, the Fourth Amendment Loan increased our maximum borrowing capacity under the equipment loan to $3.0 million and extended the borrowing period for the equipment loan from October 2019 to October 2021.

The maximum borrowing capacity under the revolving line of credit is $10.0 million. Interest on borrowings under the revolving line of credit, as well as on swing loan advances thereunder, accrues at a rate, at our election at the time of borrowing, equal to (i) LIBOR plus 2.0% or (ii) 1.0% plus the alternate base rate. As of March 29, 2020, there were $5.2 million of outstanding borrowings under the revolving line of credit and the interest rate applicable to borrowings under the revolving line of credit was 4.25%.

The maximum borrowing capacity under the equipment loan is $3.0 million, subject to certain restrictions. Any borrowings under the equipment loan from October 2018 through October 2021 will be due and payable beginning the following month with 36 monthly installments of principal due through October 2022, and all accrued and unpaid interest due October 2022. Interest on borrowings under the equipment loan accrue at a rate, at our election at the time of borrowing, equal to (i) LIBOR plus 2.75% or (ii) 1.75% plus the alternate base rate. As of March 29, 2020, there were $2.0 million of outstanding borrowings under the equipment loan and the interest rate applicable to borrowings under the equipment loan was 4.83%.

In April 2020, we paid all amounts outstanding under the revolving line of credit using cash provided by operations.

In May 2020, we entered into the Fifth Amendment to our Credit Facility, which we refer to as the Fifth Amendment Loan. The Fifth Amendment Loan amended or waived certain terms and conditions under the Credit Facility and increased the maximum borrowing capacity of the Credit Facility to $22.7 million. In addition, the Fifth Amendment Loan increased the maximum borrowing capacity under the revolving line of credit to $15.0 million.

In June 2020, we entered into the Sixth Amendment to our Credit Facility, which we refer to as the Sixth Amendment Loan. The Sixth Amendment Loan amended certain terms and conditions under our Credit Facility and increased the maximum borrowing capacity of the Credit Facility to $25.9 million. In addition, the Sixth

Amendment Loan refinanced our term loan and provided for the borrowing of an additional $5.0 million, resulting in the issuance of an amended and restated secured term loan note in the amount of $7.9 million.

Borrowings under the amended and restated term loan are repayable in monthly installments of principal and interest, followed by a balloon payment of all unpaid principal and accrued and unpaid interest due July 2027. Interest on borrowings under the amended and restated term loan accrues at a rate, at our election at the time of borrowing, equal to (i) LIBOR plus 3.25% or (ii) 2.25% plus the sum of the Federal Funds Open Rate plus 50 basis points and the Daily LIBOR Rate plus 100 basis points. As of March 29, 2020, there was $3.1 million outstanding under the term loan and the interest rate applicable to borrowings under the term loan was 4.51%; following our entry into the amended and restated term loan, as of June 28, 2020, there was $7.9 million outstanding under the amended and restated term loan and the interest rate applicable to borrowings under the amended and restated term loan was 3.53%.

In July 2020, we entered into the Seventh Amendment to our Credit Facility, which we refer to as the Seventh Amendment Loan. The Seventh Amendment Loan amended the Credit Facility to modify various definitions and terms in anticipation of this offering.

The Credit Facility is secured by all of our assets and requires us to maintain two financial covenants: a fixed charge coverage ratio and a leverage ratio. The Credit Facility also contains various covenants relating to limitations on indebtedness, investments and acquisitions, mergers, consolidations, the sale of properties and liens and capital expenditures. In addition, the Credit Facility imposes limitations on our ability to pay dividends or distributions on any equity interests, declare any stock splits or reclassifications of our stock, apply any of our funds, property or assets to purchase, redeem or retire any of our equity interests, or to purchase, redeem or retire any of our options to purchase any of our equity interests. As a result of the limitations contained in the Credit Facility, all of the net assets on our unaudited condensed consolidated balance sheet as of March 29, 2020 are restricted in use. The Credit Facility contains other customary covenants, representations and events of default. As of March 29, 2020, we were in compliance with all covenants under the Credit Facility. See Note 11 to our consolidated financial statements and Note 9 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details related to our Credit Facility.

Cash Flows

The following table summarizes our cash flows for the years indicated:

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands)				
Net cash (used in) provided by operating activities	$ (4,490)	$ 11,424	$ (5,352)	$ 3,120	$ 847
Net cash used in investing activities	(11,695)	(1,911)	(5,623)	(4,704)	(4,269)
Net cash provided by (used in) financing activities	14,289	(1,509)	434	$ 6,730	3,859
Net (decrease) increase in cash and cash equivalents	$ (1,896)	$ 8,004	$ (10,541)	$ 5,146	$ 437

Operating Activities

In fiscal 2017, net cash used in operating activities was $4.5 million, resulting primarily from net loss of $2.1 million and increases in accounts receivable, prepaid expenses and other current assets, inventories and deposits and other assets of $ 0.8 million, $0.4 million, $0.2 million, and $0.1 million, respectively, partially offset by a decrease in accrued liabilities and other liabilities of $2.6 million, non-cash charges of $2.0 million and a decrease in accounts payable of $0.3 million. The decreases in accounts payable and accrued and other liabilities were primarily due to the timing of vendor invoices and a decrease in payments made to our partner farms for lost income as a result of removing birds from current flocks ahead of schedule. The increases in accounts receivable were primarily due to increased sales as result of new distribution centers and a higher turnover rate. The increases in prepaid expenses and other current assets were primarily due to a partial prepayment of a gain contingency in connection with a lawsuit settlement in which we were the plaintiff.

In fiscal 2018, net cash provided by operating activities was $11.4 million resulting primarily from net income of $5.6 million, an increase in accounts payable of $4.9 million, an increase in accrued liabilities of $2.9 million and non-cash charges of $3.1 million, partially offset by an increase in accounts receivable of $3.6 million, an increase in inventory of $1.0 million, and an increase in prepaid expenses and other current assets of $0.5 million. The increases in accounts payable and accrued expenses were primarily due to increases in a payment associated with an over recovery of promotions related to a customer and overall increase to inventory purchases and payroll related costs associated with our continued growth. The increases in accounts receivable were primarily due to new customers and distribution centers, in addition to increased orders from our existing customers, and the increases in prepaid expenses and other current assets were primarily due to our gain contingency in connection with our lawsuit settlement in which we were the plaintiff.

In fiscal 2019, net cash used in operating activities was $5.4 million resulting primarily from net cash used in changes in our operating assets and liabilities of $12.2 million, partially offset by noncash charges of $3.5 million and net income of $3.3 million. Net cash used in changes in our operating assets and liabilities for fiscal 2019 consisted primarily of increases in inventories, accounts receivable, income taxes receivable and prepaid expenses and other current assets of $9.2 million, $6.2 million, $1.5 million and $0.6 million, respectively, partially offset by increases in accounts payable of $3.2 million and increases in accrued and other liabilities of $2.1 million. The increases in accounts receivable were primarily due to new customers and distribution centers, in addition to increased orders from our existing customers, while the increases in inventories were primarily due to a significant increase in egg inventory and packaging inventory to support anticipated demand, and the increases in prepaid expenses and other current assets were primarily due to transaction costs associated with this offering. The increases in accounts payable were primarily due to increase in payments made to our partner farms for lost income as a result of removing birds from current flocks ahead of schedule and additional increases in shipping and packaging costs, and the increases in accrued liabilities were primarily due to timing of vendor invoices.

For the fiscal quarter ended March 31, 2019, net cash provided by operating activities was $3.1 million resulting primarily from net income of $4.0 million, non-cash charges of $0.4 million, a decrease in accounts receivable of $0.3 million, an increase in income taxes payable of $1.3 million and a decrease in deposits and other assets of $0.1 million, partially offset by a decrease in accrued and other liabilities of $1.6 million, a decrease in accounts payable of $0.6 million and an increase in inventory of $0.8 million. The increase in income taxes payable was primarily driven by income from operations during the period and the decrease in accounts receivable was driven by accelerated collections on outstanding balances from existing customers. The decreases in accounts payable and accrued and other liabilities were primarily due to increases in payments associated with inventory purchases, payroll-related costs, and price concessions and promotional activities associated with our continued growth. The increase in inventory was driven by purchases to meet anticipated demand.

For the fiscal quarter ended March 29, 2020, net cash provided by operating activities was $0.8 million resulting primarily from net income of $1.9 million, non-cash charges of $1.3 million, an increase in accounts payable of $1.4 million, a decrease in inventories of $0.7 million, a decrease in prepaid expenses and other current assets of $0.6 million and a decrease in income taxes receivable of $0.4 million, partially offset by a decrease in accrued and other liabilities of $2.6 million and an increase in accounts receivable of $2.9 million. The increase in accounts payable was primarily due to an increase in amounts due to growers and inventory purchases associated with shell egg contracts with our network of family farms. The decrease in prepaid expenses and other current assets was driven by the receipt of a refund from a marketing agency partner. The increases in accounts receivable were primarily due to heightened demand for our products from new and existing customers in connection with the COVID-19 pandemic, while the decreases in accrued and other liabilities were driven by increases in payments to our growers, payments of employee-related costs, payments related to purchases of property, plant and equipment, and payments of marketing costs and distribution fees.

Investing Activities

In fiscal 2017, net cash used in investing activities was $11.7 million, resulting primarily from purchases of property, plant and equipment used in ongoing operations.

In fiscal 2018, net cash used in investing activities was $1.9 million, resulting primarily from purchases of property, plant and equipment used in ongoing operations.

In fiscal 2019, net cash used in investing activities was $5.6 million, resulting primarily from purchases of property, plant and equipment used in ongoing operations of $4.8 million and net borrowings of $0.8 million issued to related parties.

For the fiscal quarter ended March 31, 2019, net cash used in investing activities was $4.7 million, resulting primarily from notes receivable provided to related parties of $4.0 million and purchases of property, plant and equipment used in ongoing operations of $0.7 million.

For the fiscal quarter ended March 29, 2020, net cash used in investing activities was $4.3 million, resulting primarily from purchases of property, plant and equipment used in ongoing operations.

Financing Activities

In fiscal 2017, net cash provided by financing activities was $14.3 million, which primarily consisted of $11.1 million of proceeds from our issuance of Series D preferred stock, less issuance costs of $0.1 million, proceeds of $8.7 million under our Credit Facility, less debt issuance costs of $0.2 million, and proceeds from the issuance of redeemable noncontrolling interest of $0.2 million, partially offset by $4.9 million of principal repayments in association with our existing loans, $0.4 million of deferred royalty payments related to our 2014 acquisition of certain assets of Heartland Eggs, LLC, or Heartland Eggs, and $0.1 million of principal payments under our capital lease obligations.

In fiscal 2018, net cash used in financing activities was $1.5 million, primarily consisting of $0.4 million of deferred royalty payments related to our 2014 acquisition of certain assets of Heartland Eggs, $0.7 million of principal payments under our Credit Facility and $0.4 million of principal payments under our capital lease obligations.

In fiscal 2019, net cash provided by financing activities was $0.4 million, which primarily consisted of $15.0 million of gross proceeds from our issuance of common stock to Manna Tree Partners, less issuance costs of $0.9 million, proceeds of $1.3 million and $0.6 million under our revolving line of credit and equipment loan, respectively, and proceeds of $0.2 million from the exercise of stock options, partially offset by our repurchase of common stock of $14.3 million, $0.7 million of principal repayments in association with our Credit Facility, $0.4 million of deferred royalty payments related to our 2014 acquisition of certain assets of Heartland Eggs and $0.4 million of principal payments under our capital lease obligations.

For the fiscal quarter ended March 31, 2019, net cash provided by financing activities was $6.7 million, primarily consisting of gross proceeds from the issuance of common stock to Manna Tree Partners of $7.5 million, partially offset by $0.2 million of repayments under our Credit Facility, $0.1 million of contingent consideration payments related to our 2014 acquisition of certain assets of Heartland Eggs, $0.1 million of repayments of our capital lease obligations and $0.4 million of payments for issuance costs associated with the issuance of common stock to Manna Tree Partners.

For the fiscal quarter ended March 29, 2020, net cash provided by financing activities was $3.9 million, which primarily consisted of proceeds of $5.4 million from borrowings under the Credit Facility, partially offset by our payment of deferred offering costs associated with this offering of $1.2 million, $0.2 million of repayments under our Credit Facility and $0.1 million of repayments of our capital lease obligations.

Non-GAAP Financial Measures

Adjusted EBITDA

We report our financial results in accordance with GAAP. However, management believes that Adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our performance.

We calculate Adjusted EBITDA as net (loss) income, adjusted to exclude: (1) depreciation and amortization; (2) provision for income taxes; (3) stock-based compensation expense; (4) interest expense; (5) interest income; (6) change in fair value of contingent consideration; and (7) net litigation settlement gain.

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (3) it does not consider the impact of stock-based compensation expense, (4) it does not reflect other non-operating expenses, including interest expense, (5) it does not consider the impact of any contingent consideration liability valuation adjustments and (6) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income and other results stated in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure stated in accordance with GAAP, for the periods presented:

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2017	December 30, 2018	December 29, 2019	March 31, 2019	March 29, 2020
	(in thousands)				
Net (loss) income	$ (2,145)	$ 5,629	$ 3,312	$ 4,025	$ 1,934
Depreciation and amortization	821	1,437	1,921	356	456
Provision for income tax	33	723	1,106	1,421	831
Stock-based compensation expense	495	600	1,029	143	448
Interest expense	524	424	349	86	158
Change in fair value of contingent consideration (1)	118	92	70	22	(23)
Interest income	(9)	(9)	(181)	(44)	(5)
Net litigation settlement gain (2)	—	(1,000)	(1,200)	(1,200)	—
Adjusted EBITDA	$ (163)	$ 7,896	$ 6,406	$ 4,809	$ 3,799

(1) Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs.
(2) For the fiscal year ended December 30, 2018, amount reflects an April 2018 gain in connection with the settlement of a lawsuit in which we were the plaintiff. For the fiscal year ended December 29, 2019 and the fiscal quarter ended March 31, 2019, amounts reflect a January 2019 gain in connection with the settlement of claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 29, 2019:

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 Years
	(in thousands)				
Long-term debt obligations (1)(2)	$5,124	$ 2,160	$2,964	$—	$ —
Capital lease obligations	1,330	498	832	—	—
Operating lease commitments	2,725	1,012	933	694	86
Total	$9,179	$ 3,670	$4,729	$694	86

(1) Reflects long-term debt obligations, including accrued interest calculated using interest rates of 5.75%, 4.64% and 4.44%, which are the applicable interest rates at December 29, 2019 for our revolving line of credit, term loan and equipment loan, respectively, under our Credit Facility.
(2) As of March 29, 2020, we had $5.2 million in borrowings under our revolving line of credit, which were classified as current obligations under current portion of long-term debt in our unaudited condensed consolidated balance sheets due to our ability and intent to repay the amounts within the next 12 months. We repaid all amounts outstanding under the revolving line of credit in April 2020.

We purchase our egg inventories under long-term supply contracts with farms. Purchase commitments contained in these arrangements are variable dependent upon the quantity of eggs produced by the farms. As a result, these commitments have been excluded from the contractual obligations disclosed above. In addition, substantially all of the long-term supply contracts with farms contain components that meet the definition of embedded leases under ASC Topic 840, *Leases*. As total purchase commitments contained under these arrangements are variable, the amount attributable to the lease component are contingent rentals, and there are no minimum lease payments associated with these long-term supply contracts. See Note 18 to our consolidated financial statements and Note 15 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details related to our long-term supply contracts with farms.

Seasonality

Demand for shell eggs fluctuates in response to seasonal factors. Shell egg demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter and the lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and results of operations between different quarters within a single fiscal year are not necessarily meaningful comparisons.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. See Note 2 to our consolidated financial statements and Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for a description of our other significant accounting policies. The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and related notes thereto. The future effects of the COVID-19 pandemic on our results of operations, cash flows and financial position are unclear. However, we believe we have used reasonable estimates and assumptions in preparing the unaudited condensed consolidated financial statements. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

Revenue Recognition

Revenue for 2018 and 2017 is presented under Accounting Standards Codification, or ASC, Topic 605, *Revenue Recognition*, or Topic 605. Under Topic 605, we recognized revenue when all of the following criteria were met: (1) upon the transfer of title of the product, ownership, and risk of loss to the customer, which typically occurs upon delivery and acceptance of the product by customers; (2) collection of the relevant receivable is reasonably assured; (3) persuasive evidence of an arrangement exists; and (4) the sales price is fixed or determinable.

We periodically provide sales incentive to our customers, including rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. We periodically provide chargebacks to our customers, which include credits or discounts to customers in the event that products do not conform to customer specifications or expire at a customer's site. We record a provision for sales incentives at the later of the date at which the related revenue is recognized or the sales incentive is offered. At the end of each accounting period, we recognize a liability for an estimated promotional allowance reserve. We treat chargebacks and discount offers, when accepted by customers, as a reduction of the sales price of the related transaction. Current discount and inducement offers are presented as a net amount in net revenue and are estimated using our historical experience for similar discounts and inducement offers.

Beginning on December 31, 2018, we adopted ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606), or Topic 606, using the modified retrospective method applied to contracts which were not completed upon the adoption date. Our assessment efforts included an evaluation of revenue contracts with customers, related sales incentives and contract costs that were not complete as of December 31, 2018. The cumulative effect of applying the new standard did not have a material impact on our results of operations or financial position; therefore, there was no adjustment to previously reported results. We do not expect the adoption of Topic 606 to have a material impact in future periods. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, we performed the following five steps:

(i) Identify the contract(s) with a customer.

We consider the terms and conditions of our contracts and our standard business practices to identify contracts under Topic 606. We consider that we have a contract with a customer when the contract is approved, we can identify each party's rights regarding the products to be transferred, we can identify the payment terms for the products to be transferred, we have determined that the customer has the ability and intent to pay and the contract has commercial substance. We apply judgment in determining our customer's ability and intention to

pay, which is based on a variety of factors, including the customer's credit worthiness, historical payment experience or, in the case of a new customer, credit and financial information pertaining to the new customer.

(ii) Identify the performance obligations in the contract.

Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are capable of being distinct, whereby the customer can benefit from the product or services either on their own or together with other resources that are readily available from third parties or from us and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products or services, we apply judgment to determine whether promised products or services are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised products or services are accounted for as a combined performance obligation. Shipping and distribution activities occur prior to the transfer of control of a good are considered activities to fulfill our promise to deliver goods to the customers. Shipping and distribution activities are not a promised service, and therefore, are not a separate performance obligation.

(iii) Determine the transaction price.

We define the transaction price as the amount of consideration in a contract to which we expect to be entitled in exchange for transferring promised goods or services to a customer; amounts collected on behalf of third parties are excluded. Variable consideration is included in the transaction price, if, in our judgment, it is probable that no significant future reversal of cumulative revenue under the contract will occur. We determine the amount of variable consideration by using the expected value method or the most likely amount method. In addition, we account for consideration payable to customers such as sales incentives and slotting fees as a reduction in the transaction price.

(iv) Allocate the transaction price to the performance obligations in the contract.

We have no significant arrangements with multiple performance obligations. For contracts that contain a single performance obligation, we allocate the entire transaction price to the single performance obligation.

(v) Recognize revenue as the entity satisfies a performance obligation.

Revenue is recognized when control of the product is transferred to the customer and the related performance obligation is satisfied, which typically occurs upon delivery of the product to the customer, for an amount that reflects the net consideration we expect to receive in exchange for delivering the product.

Contract Costs

We sometimes incur costs to obtain or fulfill a contract with a customer. We have applied the practical expedient in ASC 340-40-25-4 and record as an expense the incremental costs of obtaining contracts with customers in the period of occurrence when the amortization period of these costs is less than one year. For the year ending December 29, 2019 and the fiscal quarter ended March 29, 2020, all contract costs assessed upon the adoption of Topic 606 had an amortization period of less than one year.

Consolidation of Variable Interest Entities

We consolidate all entities where there exists a controlling financial interest. We have considered our relationship with a certain entity to determine whether we have a variable interest in that entity and, if so, whether we are the primary beneficiary of the relationship. GAAP requires VIEs to be consolidated if an entity's interest in the VIE is a controlling financial interest. Under the variable interest model, a controlling financial interest is determined based on which entity, if any, has (1) the power to direct the activities of the VIE that most significantly impacts the VIEs economic performance and (2) the obligations to absorb losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

We perform ongoing reassessments of whether changes in the facts and circumstances regarding our involvement with a VIE would cause our consolidation conclusion to change. The consolidation status of the VIEs with which we are involved may change as a result of such reassessments. Changes in consolidation status are applied in accordance with GAAP.

Goodwill

Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually on October 1 or more frequently if events or changes in circumstances indicate that the asset may be impaired. We first assess qualitative factors to determine whether events or circumstances existed that would lead us to conclude it is more likely than not that the fair value of the reporting unit is below its carrying amount. If we determine that it is more likely than not that the fair value of the reporting unit is below the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value of the reporting unit is determined and compared to the carrying value. If the fair value is greater than the carrying value, then the carrying value is deemed to be recoverable and no further action is required. If the fair value estimate is less than the carrying value, goodwill is considered impaired for the amount by which the carrying amount exceeds the reporting unit's fair value and a charge is reported as impairment of goodwill in our consolidated statement of operations. To date, we have not recorded any impairment charges associated with our goodwill.

Contingent Consideration

In connection with our 2014 acquisition of certain assets of Heartland Eggs, we were required to make royalty payments to prior owners of certain assets of Heartland Eggs. The royalty payments are contingent on our future purchase of eggs from supplier contracts that were acquired in the acquisition. These purchases of eggs are contingent because the occurrence of purchases are not guaranteed and the timing and amount of purchases are unknown. Fair value of the contingent consideration liability was determined at the acquisition date using unobservable inputs. These inputs included projected financial information, market volatility, risk-adjusted discount rates and timing of contractual payments. Subsequent to the acquisition date, at each reporting date, the contingent consideration liability is remeasured to fair value with changes in fair value recorded within selling, general and administrative expenses in our consolidated statement of operations.

Stock-Based Compensation

We measure stock-based awards granted to employees and directors based on their fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option and our expected dividend yield. To date, we have issued stock-based awards with only service-based vesting conditions and record the expense for these awards using the straight-line method.

Effective January 1, 2019, we adopted ASU No. 2018-07, *Compensation—Stock Compensation* (Topic 718): *Improvements to Nonemployee Share-Based Payment Accounting*, or ASU 2018-07, which expands the scope of Topic 718 to include share-based payment awards to nonemployees. As a result, stock-based awards granted to consultants and non-employees are accounted for in the same manner as awards granted to employees and directors as described above. The impact of adoption of this new guidance did not have a material impact on our consolidated financial statements.

Prior to the adoption of ASU 2018-07, we recognized compensation expense for stock-based awards granted to consultants and non-employees over the shorter of the vesting period or the period during which services are

rendered by such consultants and non-employees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is re-measured using the then-current fair value of our common stock and updated assumption inputs in the Black-Scholes option-pricing model.

Common Stock Valuations

The fair value of the common stock underlying our stock-based awards has historically been determined by our board of directors, with input from management and contemporaneous third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors include:

- contemporaneous valuations of our common stock performed by independent third-party specialists;
- the prices, rights, preferences and privileges of our convertible preferred stock relative to those of our common stock;
- the prices of our common and convertible preferred stock sold to third-party investors by us and in secondary transactions or repurchased by us in arm's-length transactions;
- the lack of marketability of our common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- the history of the company and the introduction of new products;
- our stage of development;
- the likelihood of achieving a liquidity event, such as an initial public offering, or a merger or acquisition of our company given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business using various valuation methods, including combinations of income and market approaches with input from management. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar business operations as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

For each valuation, the equity value determined by the income and market approaches was then allocated to the common stock using either the option pricing method, or OPM. The option pricing method is based on a binomial lattice model, which allows for the identification of a range of possible future outcomes, each with an associated probability. The OPM is appropriate to use when the range of possible future outcomes is difficult to predict and thus creates highly speculative forecasts.

In addition, we considered any secondary transactions involving our capital stock. In our evaluation of those transactions, we considered the facts and circumstances of each transaction to determine the extent to which they represented a fair value exchange. Factors considered include transaction volume and timing, whether the transactions occurred among willing and unrelated parties, and whether the transactions involved investors with access to our financial information.

Application of these approaches involves the use of estimates, judgment and assumptions that are highly complex and subjective, such as those regarding our expected future net revenue, expenses, future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

For valuations after the completion of this offering, our board of directors will determine the fair value of the common stock underlying our stock-based awards based on the closing price of our common stock on as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

Based on an assumed initial public offering price per share of $, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of March 29, 2020 was $, with $ related to vested stock options.

Recent Accounting Pronouncements

See the sections titled “Summary of Significant Accounting Policies—Recently adopted accounting pronouncements” and “—Recently issued accounting pronouncements not yet adopted” in Note 2 to our consolidated financial statements included elsewhere in this prospectus for additional details.

Qualitative and Quantitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in raw materials, ingredients, inflation and interest rates.

Raw Materials Pricing Risk

The packaging materials used for our products include cardboard, glass, corrugated fiberboard, kraft paper, flexible plastic, flexible film and paperboard. These raw materials are subject to price fluctuations that may create price risk. A hypothetical 10% increase or decrease in the weighted-average cost of these raw materials as of March 29, 2020 would have resulted in an increase or decrease to cost of sales for the fiscal quarter ended March 29, 2020 of approximately $0.4 million. We seek to mitigate the impact of raw materials cost increases by negotiating pricing agreements. We strive to offset the impact of raw materials cost increases with a combination of cost savings initiatives and efficiencies and price increases to our customers.

Ingredient Risk

We source our pasture-raised eggs and milk for our products from our network of small family farms. The price we pay to purchase shell eggs from farmers fluctuates based on pallet weight, and under our buy-sell contracts, which account for 98% of the laying hens in our network of family farms as of March 29, 2020, the price we pay is also indexed quarterly in arrears for changes in feed cost, which may cause our agreed-upon pricing under these contracts to fluctuate on a quarterly basis. Under the remainder of our contracts, we are directly responsible for purchasing feed. Either type of contract subjects us to risk of price fluctuations in feed ingredients, primarily consisting of corn and soy. We do not attempt to hedge against fluctuations in the prices of these ingredients by using future, forward, option or other derivative instruments. A hypothetical 10% increase or decrease in the weighted-average cost of these ingredients as of March 29, 2020 would have resulted in an increase or decrease to cost of sales for the fiscal quarter ended March 29, 2020 of approximately $0.8 million. We strive to offset the impact of ingredient cost increases with a combination of cost savings initiatives and efficiencies and price increases to our customers.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, results of operations and financial condition.

Interest Rate Risk

We are subject to interest rate risk in connection with our Credit Facility. See the section titled "—Liquidity and Capital Resources—Credit Facility" above. Based on the average interest rate on the instruments under the Credit Facility during the fiscal year ended December 29, 2019 and the fiscal quarter ended March 29, 2020, and to the extent that borrowings were outstanding, we do not believe that a hypothetical 10% change in the interest rate would have a material effect on our results of operations or financial condition for fiscal 2019 and the fiscal quarter ended March 29, 2020.

Our interest-earning instruments also carry a degree of interest rate risk. As of March 29, 2020, we had cash and cash equivalents of $1.7 million.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Foreign Currency Exchange Risk

All of our sales are denominated in U.S. dollars, and therefore our net revenue is not currently subject to significant foreign currency risk. We purchase certain equipment from foreign countries, and the cost related to this equipment is denominated in the currency of the applicable country. Additionally, to the extent our sourcing strategy changes or we commence generating revenue outside of the United States that is denominated in currencies other than the U.S. dollar, our results of operations could be impacted by changes in exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A hypothetical 10% change in the relative value of the U.S. dollar to other currencies would not have had a material effect on our results of operations for fiscal 2019 and the fiscal quarter ended March 29, 2020.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

LETTER FROM OUR FOUNDER & EXECUTIVE CHAIRMAN

In 1980, I purchased a small farm on the outskirts of San Antonio where I kept a small flock of happy hens that roamed freely. Coupled with a varied diet, the environment in which these hens were raised helped them to produce some of the best eggs I had ever eaten. In fact, when we moved back to the city several years later, I could never find eggs that tasted like the ones my "girls" had laid. That got me wondering: Is it possible to produce amazing food in an environmentally responsible and humane manner on a commercial scale? From this question, the Vital Farms story began.

Twenty five years later, my wife Catherine and I founded Vital Farms on a 27-acre plot of land in Austin, Texas. Armed with a bucket of good intentions, 20 Rhode Island Red hens and, later, a thousand baby chicks, we proved that it is possible to produce the highest-quality, humanely raised food at scale. Our first sales came from farmers markets and restaurants in the Austin area. Less than a year later, our delicious eggs were discovered by Whole Foods, who helped transform our backyard passion into a thriving business.

We began with the purpose of bringing ethically produced food to the table. We executed on our purpose by curating a collection of well-supported family farms to operate within a strictly defined set of agricultural practices that includes the humane treatment of farm animals as a central tenet. A decade later, we remain committed to expanding on our purpose and promoting the superior nature of Vital Farms products. We educate consumers to migrate them from their typical food choices and, by doing so, create opportunities for more family farms to benefit from our ethical, humane and sustainable business model.

Through the lens of Conscious Capitalism, taking care of our stakeholders is paramount to what we do. It is the fabric of our brand. With that in mind, we have established deep, sustainable, long-term relationships with approximately 200 small family farms. Our principles resonate with today's consumers, who increasingly care about animal welfare, environmental responsibility and ethical values. As a result, our brand has grown exceptionally over the last decade to become the #1 U.S. pasture-raised egg brand by retail dollar sales, with a 76% share of the U.S. pasture-raised retail egg market for the 52-week period ending March 22, 2020.

Since our launch in 2007, we have grown to 20 retail SKUs across five product categories, most recently adding butter, hard-boiled eggs, ghee and liquid whole eggs to our portfolio. We offer our products through a multi-channel retail distribution network and have invested over $19 million to create a highly efficient supply chain. Our premium and values-driven positioning engenders trust with consumers and makes Vital Farms a strategic and valuable brand for retailers. And, as we continue to build a trusted brand in eggs and butter, I am optimistic about the categories we could potentially disrupt to offer consumers and other stakeholders better options.

Our brand ethos of humane farming and ethically produced foods, coupled with our balanced focus on our stakeholders, has produced rewarding operational and financial results. Since the beginning of 2014, we have grown net revenue over 390%, entered our second major category, butter, and built our first state-of-the-art shell egg processing facility, Egg Central Station. For fiscal 2019, year-over-year net revenue was up approximately 32%, and we continue to see strong interest from farmers looking to become a part of our attractive supply chain. As we continue to grow and expand, we remain vigilant in upholding our values, which truly do inform every decision that we make.

I am extremely gratified and humbled to be working with a group of amazing stakeholders: the farmers and suppliers, customers and consumers, communities and the environment, crew members and stockholders that have collectively written the Vital Farms story to date. As we move to our next chapter, we will endeavor to continually earn and uphold the trust of all of our stakeholders each and every day – including you.

Matthew O'Hayer

Founder & Executive Chairman

BUSINESS

Our Company: Bringing Ethically Produced Food to the Table

Vital Farms is an ethical food company that is disrupting the U.S. food system. We have developed a framework that challenges the norms of the incumbent food model and allows us to bring high-quality products from our network of small family farms to a national audience. This framework has enabled us to become the leading U.S. brand of pasture-raised eggs and butter and the second largest U.S. egg brand by retail dollar sales. Our ethics are exemplified by our focus on the humane treatment of farm animals and sustainable farming practices. We believe these standards produce happy hens with varied diets, which produce better eggs. There is a seismic shift in consumer demand for ethically produced, natural, traceable, clean-label, great-tasting and nutritious foods. Supported by a steadfast adherence to the values on which we were founded, we have designed our brand and products to appeal to this consumer movement.

Our purpose is rooted in a commitment to Conscious Capitalism, which prioritizes the long-term benefits of each of our stakeholders (farmers and suppliers, customers and consumers, communities and the environment, crew members and stockholders). Our business decisions consider the impact on all of our stakeholders, in contrast with the factory farming model, which principally emphasizes cost reduction at the expense of animals, farmers, consumers, crew members, communities and the environment. These principles guide our day-to-day operations and, we believe, help us deliver a more sustainable and successful business. Our approach has been validated by our financial performance and our designation as a Certified B Corporation, a certification reserved for businesses that balance profit and purpose to meet the highest verified standards of social and environmental performance, public transparency and legal accountability.

Our Ethical Decision-Making Model

Stakeholders	Guiding Principles
Farmers and Suppliers	• Forming strong relationships with our network of approximately 200 small family farms, who are the foundation of our resilient and reliable supply chain
Customers and Consumers	• Delivering the transparency and quality around food products that today's consumers demand
Crew Members	• Empowering our crew members by investing in their financial security, development and overall well-being
Community and Environment	• Investing in our community and being conscious stewards of the environment
Stockholders	• Building a sustainable company for the long term by delivering stockholder value

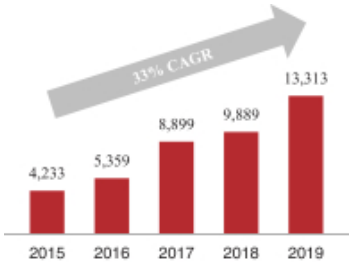
We have scaled our brand through our strong relationships with small family farms and deliberate efforts to design and build the infrastructure to bring our products to a national audience. Today, with a network of approximately 200 family farms, we believe our ethically produced pasture-raised products have set the national standard for ethically produced food. We believe the success of our relationships with small family farms and the efficiency of our supply chain provide us with a competitive advantage in the approximately $45 billion U.S. natural food and beverage industry, in which achieving reliable supply at a national scale can be challenging. In 2017, we opened Egg Central Station, a shell egg processing facility in Springfield, Missouri, which is centrally located within our network of family farms. Egg Central Station is capable of packing three million eggs per day and has achieved Safe Quality Food or SQF, Level 3 certification, the highest level of such certification from the Global Food Safety Initiative, or GFSI. In addition, Egg Central Station is the only egg facility, and we are one of only six companies, globally to have received the SQF Institute, or SQFI, Select Site certification, indicating that the site has voluntarily elected to undergo annual unannounced recertification audits by SQFI, the organization responsible for administering a global food safety and quality program known as the SQF Program. The design of Egg Central Station includes investments in support of each of our stakeholders, from our crew members (daylighting, climate control, slip resistant floors in the egg grading room), to the community and environment (consulting with the community before we built the facility, restoring native vegetation on the property, best-in-class storm water management), to our customers and consumers (food safety and maintenance investments far beyond regulatory requirements). We believe owning and operating this important element of our supply chain is a key differentiator and provides us with a competitive advantage, which we intend to continue to leverage to grow both our net revenue and gross margin.

Our loyal and growing consumer base has fueled the expansion of our brand from the natural channel to the mainstream channel and facilitated our entry into the foodservice channel. As of March 2020, we offer 20 retail SKUs through a multi-channel retail distribution network across more than 13,000 stores. Our products generate stronger velocities and, we believe, greater profitability per unit for our retail customers in key traffic-generating categories as compared to products offered by our competitors. We believe we have significant room for growth within the retail and, in the medium- to long-term, foodservice channels and can capture this opportunity by growing brand awareness and through new product innovation. We also believe there are incremental growth opportunities in additional distribution channels, including the convenience, drugstore, club, military and international markets, which we may access along with retail growth opportunities to enable us to continue our net revenue growth.

We have built a sustainable company founded on ethically produced products that increasingly resonate with consumers. Our trusted brand and Conscious Capitalism-focused business model have resulted in significant growth. We have increased net revenue from $1.9 million in fiscal 2010 to $140.7 million in fiscal 2019, which represents a 61% CAGR. From fiscal 2017 to fiscal 2019, we grew net revenue by 90% and the number of stores carrying our products increased by 50%. Going forward, we expect the consumer movement away from factory farming practices will continue to fuel demand for ethically produced food. According to a 2018 survey of nearly 30,000 international consumers, 62% want brands to have ethical values and demonstrate authenticity in all parts of their business. We believe these demands extend to the food industry and that consumers are recognizing the benefits of pasture-raised egg and dairy products. Management is committed to ensuring our values remain aligned with those of our consumers while delivering stockholder value.

Evidence of our historical success in continuing to scale our business is shown in the graphics below. All dates refer to the year ended December 31, except for 2018 and 2019, which refer to the fiscal year ended December 30 and December 29, respectively.

Number of Stores



Net Revenue
$MM

Gross Profit
$MM

Our History

Matthew O'Hayer and his wife Catherine Stewart founded Vital Farms in 2007 on a 27-acre plot of land in Austin, Texas. Armed with a small flock of hens, they maintained a strong belief that a varied diet and better animal welfare practices would lead to superior eggs. Our first sales came from farmers markets and restaurants around Austin and, less than a year later, our eggs were discovered by Whole Foods. Matt and Catherine saw the opportunity to do something more than sell eggs to a few stores. They chose to build a sustainable company that aligned with the family farming community and was able to profitably deliver quality products to a devoted consumer base. As our business has continued to grow, our model remains rooted in trust and mutual accountability with our farmers, who are and will remain core to our business.

In 2014, our current president and chief executive officer, Russell Diez-Canseco, joined Vital Farms and led the development of our large and scalable network of family farms. In 2015, recognizing the opportunity to elevate our production process and bolster long-term growth and profitability, we began the design process for Egg Central Station, which opened in 2017 in Springfield, Missouri. We meticulously designed Egg Central Station in service of all of our stakeholders by improving on the best practices we observed across numerous world-class facilities. Today, Egg Central Station is capable of packing three million eggs per day and has achieved SQF Level 3 certification, the highest level of such certification from the GFSI. In addition, Egg Central Station is the only egg facility, and we are one of only six companies, globally to have received the SQFI Select Site certification.

Demand for our high-quality products has enabled us to expand our brand beyond the natural channel and into the mainstream channel through relationships with Albertsons, Kroger, Publix, Target, Walmart and numerous other national and regional food retailers. As of March 2020, our ethically produced pasture-raised products are sold in more than 13,000 stores nationwide. Over the course of our journey, our founder, Matthew O'Hayer, has continued to inform our strategic vision and remains intimately involved with the business as our executive chairman, going so far as to personally read and ensure a written response to each email and letter we receive from our loyal consumers.

Our Purpose

Our purpose is to bring ethically produced food to the table. We do this by partnering with family farms that operate within our strictly defined set of ethical food production practices. We are motivated by the influence we have on rural communities through creating impactful, long-term business opportunities for small family farmers. Moreover, we are driven to stand up for sustainable production practices that have been largely cast aside under the factory farming system. In our view, this system has been consistently misguided, focused on producing products at lowest cost rather than driving long-term and sustainable benefits for all stakeholders.

Since inception, our values have been rooted in the principles of Conscious Capitalism. We believe managing our business in the best interest of all of our stakeholders will result in a more successful and sustainable enterprise. A key premise of our business model is our consumer-centric approach, which focuses on identifying consumer needs and developing products that address these needs. While remaining committed to ethical decision-making, we have achieved strong financial performance and earned the Certified B Corporation designation, reflecting our role as a contributor to the global cultural shift toward redefining success in business in order to build a more inclusive and sustainable economy. We believe our consumers connect with Vital Farms because they love our products, relate to our values and trust our practices.

Industry Overview

We operate in the large and growing U.S. natural food and beverage industry that, according to SPINS, LLC data, was projected to generate total retail sales of approximately $47.2 billion in 2019, accounting for approximately 10.5% of total projected food and beverage sales, and was projected to grow at a 6.4% CAGR between 2017 and 2019, outpacing total projected food and beverage growth of 1.9% over the same period. Consumer awareness of the negative health, environmental and agricultural impacts of processed food and factory farming standards has resulted in increased consumer demand for ethically produced food. We believe this trend has had a meaningful impact on the growth of the natural food industry, which is increasingly penetrating the broader U.S. food market as mainstream retailers respond to consumer demand. We believe increased demand for natural food and a willingness to pay a premium for brands focused on transparency, sustainability and ethical values will continue to be a catalyst for our growth.

According to SPINS, LLC data, the U.S. shell egg market in 2019 accounted for approximately $5.4 billion in retail sales and has grown at a CAGR of 3.4% between 2017 and 2019. Our relatively low household penetration of 2%, or approximately 2.5 million U.S. households based on estimated U.S. census data, compared to the shell egg category penetration of approximately 93%, provides a significant long-term growth opportunity for our business. According to SPINS, LLC data, the U.S. pasture-raised retail egg market in 2019 accounted for approximately $177.0 million in retail sales and has grown at a CAGR of 31.7% between 2017 and 2019, while the specialty egg (including pasture-raised, free-range and cage-free) market in 2019 accounted for approximately $1.0 billion in retail sales and has grown at a CAGR of 7.5% between 2017 and 2019. Additionally, we estimate that the U.S. processed egg market in 2019 accounted for approximately $2.7 billion in retail sales. According to SPINS, LLC data, the U.S. butter market in 2019 accounted for approximately $3.3 billion in retail sales and has grown at a CAGR of 2.7% between 2017 and 2019. We believe the strength of our platform, coupled with significant investments in our crew members and infrastructure, position us to continue to deliver industry-leading growth across new and existing categories.

Our Strengths

Trusted Brand Aligned with Consumer Demands

We believe consumers have grown to trust our brand because of our adherence to our values and a high level of transparency. We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethical, great-tasting and nutritious foods. Growing public awareness of major issues connected

to animal farming, including human health, climate change and resource conservation, is closely aligned with our ethical mission. We believe consumers are increasingly focused on the source of their food and are willing to pay a premium for brands that deliver transparency, sustainability and integrity. As a company focused on driving the success of our stakeholders, our brand resonates with consumers who seek to align themselves with companies that share their values. Through our Vital Times newsletter and social media presence, we cultivate and support our relationship with consumers by communicating our values, building trust and promoting brand loyalty. For example, a survey we conducted in November 2019 found that 31% of our consumers surveyed insist on purchasing our egg brand and would not purchase another in its place.

Strategic and Valuable Brand for Retailers

Our historical performance has demonstrated that we are a strategic and valuable partner to retailers. We have innovated and grown into adjacent food categories while reaching a broad set of consumers through a variety of retail partners, including Albertsons, Kroger, Publix, Target and Walmart. As of March 2020, we are the number one or two egg brand by retail dollar sales for branded eggs with key customers such as Kroger, Sprouts and Target. We believe the success of our brand demonstrates that consumers are demanding premium products that meet a higher ethical standard. We have expanded into the mainstream channel while still continuing to command premium prices for our ethically produced products, which sell for as much as three times the price of commodity eggs. We believe that our products are more attractive to retail customers because they help generate growth, deliver strong gross profits and drive strong velocities, as represented by the natural channel velocities depicted below.

Vital Farms Natural Channel Velocity versus All Other Competitors (1)

Refrigerated Eggs (2)

Refrigerated Butter (3)

Source: Refrigerated Eggs & Refrigerated Butter - SPINS, LLC Natural Channel, 52 Weeks Ending March 22, 2020

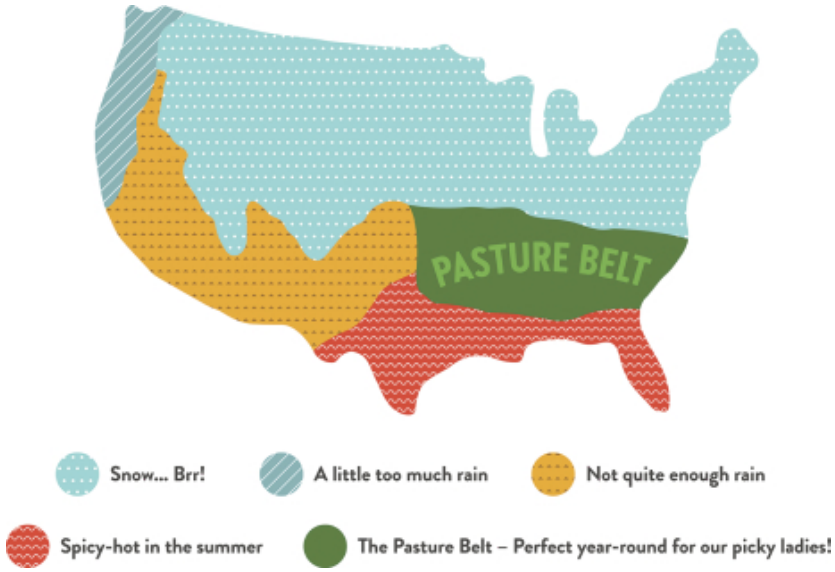
(1) Channel Velocity ($ / Store / Item / Week) is defined as weekly sales per store per item of our products sold in retailers included in the Natural Channel.
(2) Refrigerated egg competitors represent shell eggs in the Natural Channel.
(3) Refrigerated butter competitors represent butter brands in the Natural Channel, excluding clotted cream and clarified butter.

Supply Chain Rooted in Commitment to Our Stakeholders

Our ongoing commitment to the social and economic interests of our stakeholders guides our supply chain decisions. We carefully select and partner with family farms in the Pasture Belt, the U.S. region where pasture-raised eggs can be produced year-round. We establish supply contracts that we believe are attractive for all parties, demonstrate our commitment to our network of small family farms through educational programs that transfer critical best practice knowledge, and pay farmers competitive prices for high-quality pasture-raised eggs.

We believe our commitment to farmers facilitates more sustainable farm operations and significantly reduces turnover. Our network of small family farms gives us a strategic advantage through a scaled and sustainable supply chain and allows us to go to market with the highest quality pasture-raised premium products.

Map of the Pasture Belt



Experienced and Passionate Team

We have an experienced and passionate executive management team that we refer to as the "C-crew," which has approximately 60 years of combined industry experience and includes our president and chief executive officer, Russell Diez-Canseco, a seasoned food industry expert with over 16 years of relevant experience, including at H-E-B, a privately held supermarket chain. Our C-crew works in partnership with Matthew O'Hayer, our founder and executive chairman, who continues to inform our strategic vision with the entrepreneurial perspective gained through over 40 years of building businesses. We also have a deep bench of talent with strong business and operational experience, and crew members at all levels of our organization are passionate about addressing the needs of our stakeholders. We have leveraged the experience and passion of our C-crew, our founder and executive chairman, and our other crew members to grow net revenue over 390% since the beginning of 2014, enter our second major food category, butter, and build our first shell egg processing facility, Egg Central Station.

Our Growth Strategies

We believe our investments in our brand, our stakeholders and our infrastructure position us to continue delivering industry-leading growth that outpaces both the natural food industry and the overall food industry.

Expand Household Penetration through Greater Consumer Awareness

Critical to the success of our mission is our ability to share the Vital Farms story with a broader audience. By educating consumers about our brand, our values and the premium quality of our products, we intend to

increase our household penetration. Our relatively low household penetration of 2% for our pasture-raised shell eggs, compared to the shell egg category penetration of approximately 93%, shows that expanding the national presence of our brand offers a significant runway for future growth.

We are well positioned to increase household penetration of our products given their alignment with consumer trends and approachability with consumers. We intend to increase the number of consumers who buy our products by using digitally integrated media campaigns, social media tools and other owned media channels. We believe these efforts will educate consumers on our ethical values and the attractive attributes of our pasture-raised products, generate further demand for our products and ultimately expand our consumer base.

Grow Within the Retail Channel

By leveraging greater consumer awareness and demand for our brand, we believe there is significant opportunity to grow volume with existing retail customers. Our products generate stronger velocities and, we believe, greater profitability per unit for our retail customers in the categories in which we compete. By capturing greater shelf space, driving higher product velocities and increasing our SKU count, we believe there is meaningful runway for further growth with existing retail customers. Beyond our existing retail footprint, we believe there is significant opportunity to gain incremental stores from existing retail customers as well as to add new retail customers. We also believe there are significant further long-term opportunities in additional distribution channels, including the convenience, drugstore, club, military and international markets.

Expand Footprint across Foodservice

We believe there is significant demand for our products in the foodservice channel. We see significant opportunity for medium- to long-term growth in this channel through sales to foodservice operators supported by joint marketing and advertising. Our brand has a differentiated value proposition with consumers, and we believe consumers are increasingly demanding ethically produced ingredients when they eat outside of the home. We believe that more consumers will look for our products on menus, particularly with foodservice partners whose values are aligned with our own, and that on-menu branding of our products as ingredients in popular meals and menu items will drive traffic and purchases in the foodservice channel. An example of our recent foodservice growth initiative is our relationship with Tacodeli, which sells breakfast tacos made exclusively with our pasture-raised shell eggs across 11 restaurant locations and more than 100 points of distribution, such as coffee shops and farmers market stands, across Texas. We believe branded foodservice offerings will further drive consumer awareness of our brand and purchase rates of our products in the retail channel.

Extend Our Product Offering through Innovation

The successes of our core products have confirmed our belief that there is significant demand for pasture-raised and ethically produced food products. We expect to continue to extend our product offerings through innovation in both new and existing categories, including with our anticipated future launch of pasture-raised egg bites. In 2018, we launched the only pasture-raised hard-boiled eggs in the U.S. market, and in 2019, we launched both ghee and liquid whole eggs, the latter of which are the only pasture-raised liquid whole eggs in the U.S. market. The success of our product portfolio and our proprietary consumer surveys confirm our belief that there is significant demand for our brand across a wide spectrum of food categories. Within this broader market, we believe the U.S. refrigerated value-added dairy category represents a total addressable market of $33.2 billion and is the closest adjacency and best near-term opportunity for our brand. We have several products in our innovation pipeline that we believe will be successful in these adjacent markets.

Product Overview

We currently produce five pasture-raised products sourced from animals raised on small family farms: shell eggs, butter, hard-boiled eggs, ghee and liquid whole eggs.

Our original and core product is pasture-raised shell eggs. We defined the pasture-raised egg category by following European-rooted standards codified by the Certified Humane Program, which require each hen to have at least 108 square feet of land and daily outdoor access. Our pasture-raised shell eggs are ethically produced and our consumers consistently tell us that they provide a richer taste and color than other eggs on the market. The retail varieties of our pasture-raised shell eggs are based on supplemental feed type (certified organic, non-GMO project verified and conventional), egg size (medium, large, extra large and jumbo) and pack size (6, 12 and 18 count).

In 2015, we saw an opportunity in the U.S. refrigerated value-added dairy market for premium, pasture-raised butter with artisanal qualities, such as higher butterfat content, sea salt and traditional slow-churn methods. Our consumer research and basket analysis also identified butter as a highly complementary product category to eggs in terms of usage and buyer profile. Today, we offer unsalted and sea salted varieties of our pasture-raised butter, which has 85% butterfat and is sold in two-stick packs.

In March 2018, we launched pasture-raised hard-boiled eggs to broaden the appeal of our brand and satisfy an incremental usage occasion – ready-to-eat snacking. That launch was quickly followed by the introduction of our pasture-raised liquid whole eggs in August 2019. We currently provide the only pasture-raised liquid whole egg in the estimated $3 billion U.S. processed egg market, which has seen little innovation in decades and has traditionally been dominated by egg whites.

In February 2019, we introduced pasture-raised ghee, followed in August 2019 by the release of a first of its kind ghee in a squeeze bottle format. Our pasture-raised ghee meets the standards consumers expect from the Vital Farms brand, with original and pink Himalayan salt varieties.

Motivated by our mission, our success and our customers' feedback, we continue to innovate and expand our product offering to address growing consumer demand for pasture-raised and ethically produced products. For example, our next anticipated product offering includes pasture-raised egg bites made with ethically sourced ingredients like pasture-raised eggs and cheese, humanely raised meats, and vegetables, and will be gluten-free. The egg bites are expected to be available in four flavors: uncured bacon and cheddar cheese; roasted red pepper and mozzarella cheese; ham, bell peppers, onions and cheddar cheese; and sun-dried tomato, basil and mozzarella cheese. Each package will contain two fully cooked egg bites and will be able to be warmed directly in the microwave for a convenient and high protein breakfast or snack.

PASTURE-RAISED SHELL EGGS

PASTURE-RAISED BUTTER

PASTURE-RAISED HARD-BOILED EGGS

PASTURE-RAISED GHEE

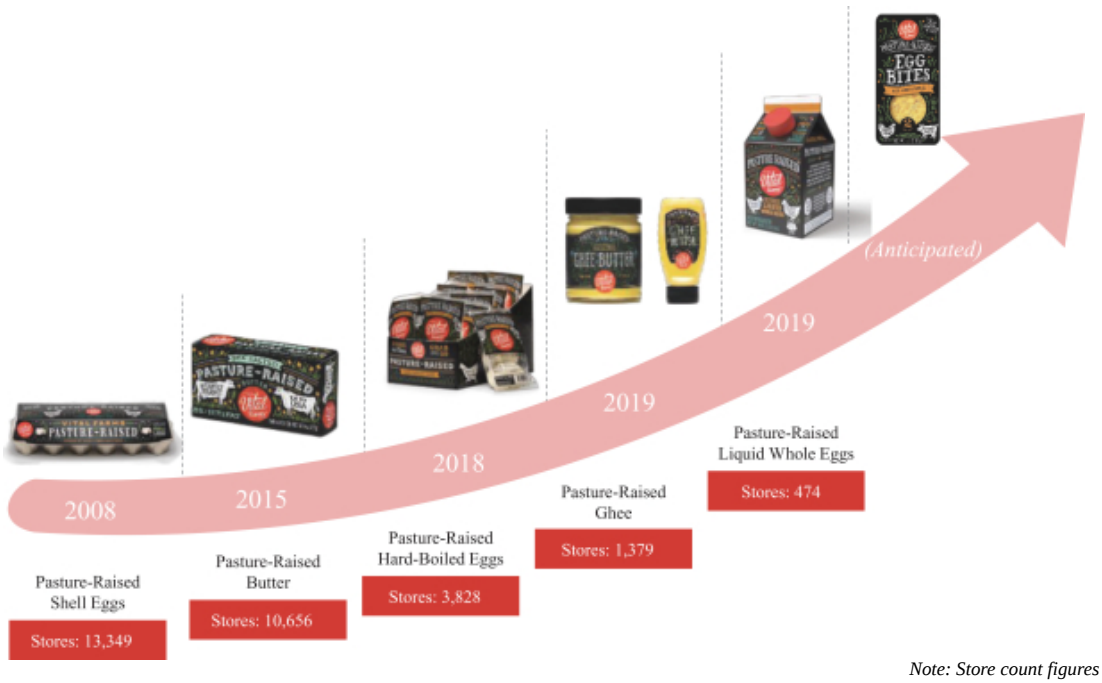
PASTURE-RAISED LIQUID WHOLE EGGS

PASTURE-RAISED EGG BITES

Innovation

The successes of our core products have confirmed our belief that there is significant demand for pasture-raised and ethically produced food products. We expect to continue to extend our product offerings through innovation in both existing and new categories, including with our anticipated future launch of pasture-raised egg bites. We have a dedicated product development team that leverages comprehensive consumer insights and trend data to provide innovative solutions and ideas that meet new consumer needs and usage occasions. We also have a proven innovation model that utilizes a trusted network of partners to bring products to market without requiring significant upfront investment. We are committed to building on the success of our recent product launches and continuing to introduce consumers to our expanding range of ethically produced food products.

Demonstrated Track Record of Portfolio Expansion



Note: Store count figures as of March 22, 2020.

Marketing

Our multi-faceted, consumer-centric marketing strategy has been instrumental in building our brand and driving net revenue. Our marketing strategy is aimed at solidifying our brand's positioning as a leading provider of ethically produced food. We execute on this strategy by advertising through digitally integrated media campaigns, social media tools and other owned media channels. Our brand's standout packaging has been a signature communication vehicle since our inception. We maintain a presence across all major social media platforms.

Under the leadership of our chief marketing officer, Scott Marcus, our brand has grown rapidly into the #1 U.S. pasture-raised egg brand by retail dollar sales, with a 76% share of the U.S. pasture-raised retail egg market

for the 52-week period ending March 22, 2020. Our brand awareness is represented by a strong social media following, with approximately 84,000 Instagram followers. Building on prior success, we will continue to invest in the brand through digitally integrated national media campaigns and build customer loyalty through other media formats, including our quirky Vital Times newsletter, now in its tenth year of print, which is placed in each egg carton. During the past two years, we have circulated over 57 million copies of our Vital Times newsletter.

Building upon a landscape of shifting consumer preferences, we are focused on reaching new consumers to educate them about our ethically focused value proposition. We work continuously to understand our consumers and leverage those insights to develop impactful communication plans and messaging. We remain focused on deploying our sophisticated marketing capabilities and world-class sales team to ensure that both customers and consumers understand the Vital Farms story.

Our Customers

We market our products throughout the United States with the majority of our net revenue coming from our pasture-raised egg products. As of March 2020, we currently distribute through third parties and direct to retailers to reach more than 13,000 stores. With significant expansion in recent years, our retail sales are evenly distributed between the natural channel and mainstream channel. Because of our brand equity, loyal consumer base and expanding line of high-quality products, we believe there are attractive growth opportunities across these channels, in addition to a sizable opportunity in the foodservice channel in the medium- to long-term. We believe there are also incremental growth opportunities in additional distribution channels, including the convenience, drugstore, club, military and international markets, which we may access, along with retail growth opportunities, to enable us to continue our net revenue growth.

Natural Channel

Natural channel retailers, including Whole Foods and Sprouts, represented approximately 52%, 49% and 47% of our retail dollar sales in fiscal years 2017, 2018 and 2019, respectively, and approximately 55% and 51% of our retail dollar sales in the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.

Mainstream Channel

Widespread consumer demand for high-quality and traceable foods has driven our expansion into the mainstream channel with national retailers, including Albertsons, Kroger, Publix, Target and Walmart. We began selling eggs in select Kroger divisions in 2014. Since that time, Kroger has grown to become our second largest customer, offering our products in over 2,000 stores. We also continue to expand our relationships with Albertsons, Publix, Target and Walmart. The mainstream channel represented approximately 48%, 51% and 53% of our retail dollar sales in fiscal years 2017, 2018 and 2019, respectively, and approximately 45% and 49% of our retail dollar sales in the fiscal quarters ended March 31, 2019 and March 29, 2020, respectively.

Foodservice Channel

In addition to our primary natural and mainstream channels, we have a presence in foodservice through the sale of shell eggs to select accounts. We expect our foodservice business to continue to grow in the medium- to long-term through expansive new relationships with broad-line distributors, as well as direct accounts. In fiscal years 2017, 2018 and 2019, the foodservice channel accounted for approximately 4%, 2% and 2%, respectively, of our net revenue. In the fiscal quarters ended March 31, 2019 and March 29, 2020, the foodservice channel accounted for approximately 2% and 3%, respectively, of our net revenue. Our established foodservice relationships help to extend our marketing efforts through unique co-branding opportunities. We plan to continue to capitalize on these opportunities as we work to introduce new products through the foodservice channel.

One example of our successful foodservice programs is Tacodeli, a popular chain based in Austin, Texas with 11 restaurant locations and more than 100 points of distribution, such as coffee shops and farmers market stands, across Texas. In the spring of 2019, Tacodeli committed to exclusively using Vital Farms eggs for its breakfast tacos, branded with our logo on menus and taco wrappers. We have also built a marketing partnership with Tacodeli to demonstrate the quality of our co-branded offering and to increase consumer awareness of our brands via social media, public relations and other events.

Vital Farms and Tacodeli Co-Branding

Our products can also currently be found in micro-markets in the Austin, Texas offices of Apple Inc., Facebook, Inc., Google LLC and YETI. We also believe there is significant additional opportunity in the hospitality industry, college and universities, and additional restaurant chains.

Supply Chain

We have strategically designed our supply chain to ensure high-production standards and optimal year-round operation. We are motivated by the positive impact we have on rural communities and enjoy a strong relationship and reputation with our network of approximately 200 small family farms. In order to capitalize on this strong supply network, we built a state-of-the-art shell egg processing facility, Egg Central Station in Springfield, Missouri. Egg Central Station is approximately 82,000 square feet and utilizes highly automated equipment to grade and package our shell egg products. The design of our facility includes investments in support of each of our stakeholders, from our crew members (daylighting, climate control, slip resistant floors in the egg grading room), to the community and environment (consulting with the community before we built the facility, restoring native vegetation on the property, best-in-class storm water management), to our customers and consumers (food safety and maintenance investments far beyond regulatory requirements). Today, Egg Central Station is capable of packing three million eggs per day and has achieved SQF Level 3 certification, the highest level of such certification from the GFSI. In addition, Egg Central Station is the only egg facility, and we are one of only six companies, globally to have received the SQFI Select Site certification, indicating that the site has voluntarily elected to undergo annual unannounced recertification audits by SQFI, the organization responsible for administering a global food safety and quality program known as the SQF Program. To facilitate further growth, we have established a plan to double the capacity of Egg Central Station through a mirror-image expansion adjacent to the existing location.

Our eggs are kept in on-farm coolers using precise equipment specified by us. The eggs are then collected on a regular basis by a third-party freight carrier and placed in cold storage until packing for shipment to customers. Each of our butter, ghee, hard-boiled eggs and liquid whole egg products have a dedicated co-manufacturing partner. To support the growth of our business, we are focused on expanding existing relationships and establishing new co-manufacturing relationships.

Our egg packaging consists primarily of corrugated boxes and egg cartons, and we use a limited amount of recycled plastic packaging. Our corrugated boxes are sourced from a supplier in Springfield, Missouri, our egg cartons are sourced from Canada and Europe from a single-source supplier and our recycled plastic packaging is sourced from Mexico from a single-source supplier. Our other products are packaged in jars, bottles, film and cartons that are primarily managed by our co-manufacturing partners. In every case we strive to find the most sustainable and environmentally considered packaging, shipping materials and inks.

Competition

We operate in a highly competitive environment across each of our product categories. We have numerous competitors of varying sizes, including producers of private-label products, as well as producers of other branded egg and butter products that compete for trade merchandising support and consumer dollars. We compete with large egg companies such as Cal-Maine, Inc. and large international food companies such as Ornua (Kerrygold). We also compete directly with local and regional egg companies, as well as private-label specialty egg products processed by other egg companies. In our market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

Shell eggs may be sourced from hens that are caged, cage free, free range or pasture raised. Large egg companies offer commodity eggs sourced from caged hens, and in an attempt to address growing consumer demand for ethically produced and higher quality eggs, they have also grown their cage-free and free-range offerings.

Although we operate in competitive industries, we believe that we have a strong and sustainable competitive advantage based on an ongoing process of values-driven decisions, our fundamental commitment to producing food ethically and humanely, the trust we have developed in our brand, and our ability to provide reliable supply to our distribution partners and customers. We built and operate what we believe is one of the largest sourcing and distribution networks of family farms with strong growth potential. By focusing on the interests of each of our stakeholders, we believe we have created a model that attracts the best family farm partners, produces the highest quality product and creates benefits for all parties. We believe our experience in building this network will provide significant scale and execution advantages as we continue to expand.

Government Regulation

We are subject to laws and regulations administered by various federal, state and local government agencies in the United States, such as the USDA, the FDA, the FTC, the EPA and the OSHA. These laws and regulations apply to the processing, packaging, distribution, sale, marketing, labeling, quality, safety and transportation of our products, as well as our occupational safety and health practices.

Under various federal statutes and implementing regulations, these agencies, among other things, prescribe the requirements and establish the standards for quality and safety and regulate our products and the manufacturing, labeling, marketing, promotion and advertising thereof. With respect to eggs in particular, the FDA and the USDA split jurisdiction depending on the type of product involved. While the FDA has primary responsibility for the regulation of shell eggs, the USDA has primary responsibility for the regulation of dried, frozen or liquid eggs and other “egg products,” subject to certain exceptions.

Among other things, the facilities in which our products are manufactured or processed must register with the FDA and/or the USDA, comply with cGMPs and comply with a range of food safety and labeling requirements established by the FDCA, as amended by the Food Safety Modernization Act of 2011, the EPIA, the OFPA and the AMA, among other laws implemented by the FDA, the USDA and other regulators. The FDA and the USDA have the authority to inspect these facilities depending on the type of product involved; For example, Egg Central Station, our facility in Springfield, Missouri, has been subject to periodic inspections by the USDA to evaluate compliance with certain applicable requirements, and the FDA may likewise inspect the facility. The FDA and the USDA also require that certain nutrition and product information appear on our product labels and, more generally, that our labels and labeling be truthful and non-misleading. Similarly, the FTC requires that our marketing and advertising be truthful, non-misleading and not deceptive to consumers. We are also restricted from making certain types of claims about our products, including nutrient content claims, health claims, organic claims and claims regarding the effects of our products on any structure or function of the body, whether express or implied, unless we satisfy certain regulatory requirements. We also participate in the USDA's voluntary egg grading program, which requires compliance with additional labeling and facility requirements.

In addition, our suppliers are subject to numerous regulatory requirements. For example, the farmers who produce our shell eggs may be subject to requirements implemented by the FDA pertaining to pest control, salmonella enteritidis prevention and other requirements.

We are also subject to state and local food safety regulation, including registration and licensing requirements for our facilities, enforcement of standards for our products and facilities by state and local health agencies, and regulation of our trade practices in connection with selling our products.

We are also subject to labor and employment laws, laws governing advertising, privacy laws, safety regulations and other laws, including consumer protection regulations that regulate retailers or govern the promotion and sale of merchandise. Our operations, and those of our co-manufacturers, distributors and suppliers, are subject to various laws and regulations relating to environmental protection and worker health and safety matters.

Certified B Corporation

While not required by Delaware law or the terms of our certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by B Lab, an independent non-profit organization. As a result of this assessment, in December 2015, we were designated as a Certified B Corporation.

In order to be designated as a Certified B Corporation, companies are required to take a comprehensive and objective assessment of their positive impact on society and the environment. The assessment evaluates how a company's operations and business model impacts its workers, customers, suppliers, community and the environment using a 200-point scale. While the assessment varies depending on a company's size (number of employees), sector and location, representative indicators in the assessment include payment above a living wage, employee benefits, stakeholder engagement, supporting underserved suppliers and environmental benefits from a company's products or services. After completing the assessment, B Lab will verify the company's score to determine if it meets the 80-point minimum bar for certification. The review process includes a phone review, a random selection of indicators for verifying documentation and a random selection of company locations for onsite reviews, including employee interviews and facility tours. Once certified, every Certified B Corporation must make its assessment score transparent on B Lab's website.

Acceptance as a Certified B Corporation and continued certification is at the sole discretion of B Lab. To maintain our certification, we are required to update our assessment and verify our updated score with B Lab

every three years. We will need to update our current certification no later than February 2021 . Additionally, we are required to commit to recertifying within 90 days following the effective date of this offering and to complete this recertification within one year following the effective date of this offering.

Public Benefit Corporation Status

In connection with our Certified B Corporation status and as a demonstration of our long-term commitment to our mission to bring ethically produced food to the table by coordinating a network of family farms to operate with a well-defined set of organic agricultural practices that includes the humane treatment of farm animals as a central tenet, we elected in October 2017 to be treated as a public benefit corporation under Delaware law.

Under Delaware law, a public benefit corporation is required to identify in its certificate of incorporation the public benefit or benefits it will promote and its directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the corporation's stockholders, the best interests of those materially affected by the corporation's conduct, and the specific public benefit or public benefits identified in the public benefit corporation's certificate of incorporation. Public benefit corporations organized in Delaware are also required to assess their benefit performance internally and to disclose to stockholders at least biennially a report detailing their success in meeting their benefit objectives.

As provided in our certificate of incorporation, the public benefits that we promote, and pursuant to which we manage our company, are: (i) bringing ethically produced food to the table; (ii) bringing joy to our customers through products and services; (iii) allowing crew members to thrive in an empowering, fun environment; (iv) fostering lasting partnerships with our farms and suppliers; (v) forging an enduring profitable business; and (vi) being stewards of our animals, land, air and water, and being supportive of our community. See the section titled "Description of Capital Stock—Anti-Takeover Provisions—Public Benefit Corporation Status" for additional information.

Seasonality

Demand for shell eggs fluctuates in response to seasonal factors. Shell egg demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter and the lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons.

Trademarks and Other Intellectual Property

We own trademarks and other proprietary rights that are important to our business, including our principal trademark, Vital Farms. All of our trademarks are registered with the U.S. Patent and Trademark Office. Our trademarks are valuable assets that reinforce the distinctiveness of our brand to our consumers. We believe the protection of our trademarks, copyrights and domain names are important to our success. We aggressively protect our intellectual property rights by relying on trademark and copyright.

Culture and Employees

We take great pride in our culture. We embrace collaboration and creativity and encourage the iteration of ideas to address complex challenges. Transparency and open dialogue are central to how we work, and we aim to ensure that company news reaches our crew members first through internal channels. Despite our sustained

growth, we still cherish our roots as an ethically driven food company and wherever possible empower crew members to act on great ideas that support our purpose and values regardless of their role or function within the company. We strive to hire great crew members, with backgrounds and perspectives as diverse as those of our consumers, and value them as stakeholders. We work to provide an environment where these talented people can have fulfilling careers addressing what we believe to be some of the biggest challenges in the food industry. Our crew members are among our best assets and are critical for our continued success. We expect to continue investing in hiring talented crew members and providing competitive compensation programs to our crew members.

As of December 29, 2019, we had approximately 161 full-time crew members, including 103 in operations, 28 in sales and marketing, 9 in finance and 21 in general and administrative functions, all of whom are located in the United States. Of our full-time crew members, three are contract workers. None of our crew members is represented by a labor union. We have never experienced a labor-related work stoppage, and we consider our relations with our crew members to be good.

Facilities

We lease our corporate headquarters located at 3601 South Congress Avenue, Austin, Texas, where we occupy approximately 9,000 square feet of office space pursuant to a lease that expires in April 2026, with an option to extend this lease for a successive period of five years. We own an approximately 82,000 square foot shell egg processing facility in Springfield, Missouri, which we refer to as Egg Central Station. We also lease warehouse space for 5,000 rentable pallet spaces in Webb City, Missouri pursuant to a lease that expires in December 2021. We believe that our current facilities are suitable and adequate to meet our current needs.

Legal Proceedings

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. Although the outcome of these and other claims cannot be predicted with certainty, we do not believe the ultimate resolution of the current matters will have a material adverse effect on our business, financial condition, results of operations or cash flows.

MANAGEMENT

The following table sets forth information for our executive officers and directors as of July 9, 2020:

Name	Age	Position
Executive Officers:		
Matthew O'Hayer	65	Founder, Executive Chairman and Director
Russell Diez-Canseco	48	President, Chief Executive Officer and Director
Jason Dale	48	Chief Operating Officer and Chief Financial Officer
Scott Marcus	45	Chief Marketing Officer
Non-Employee Directors:		
Brent Drever	48	Director
Glenda Flanagan	66	Director
Kelly Kennedy	51	Director
Karl Khoury	51	Director
Denny Marie Post	63	Director
Gisel Ruiz	49	Director

Executive Officers

Matthew O'Hayer is our founder and has served as a member of our board of directors since inception and as our executive chairman since April 2019. From September 2007 to April 2019, Mr. O'Hayer served as our chief executive officer. Mr. O'Hayer is also the founder and has served as the president of the Organic Egg Farmers of America, an industry association that hosts agricultural conventions on topics related to organic egg production. We believe that Mr. O'Hayer is qualified to serve on our board of directors because of his leadership in conceptualizing and developing our brand and business, his deep expertise in the food business, his extensive knowledge of our industry and his 40 years of experience building businesses.

Russell Diez-Canseco has served as our president and chief executive officer since May 2019 and as a member of our board of directors since December 2019. Prior to this, Mr. Diez-Canseco served as our president and chief operating officer from November 2015 to April 2019, as our chief operating officer from October 2014 to October 2015 and as our vice president of operations from January 2014 to September 2014. Prior to joining us, Mr. Diez-Canseco spent several years with McKinsey & Company, a worldwide management consulting firm, H-E-B, a supermarket chain, and the Central Intelligence Agency. Mr. Diez-Canseco received his M.B.A. from Harvard Business School and earned his A.B. in Economics from the University of California at Berkeley. We believe Mr. Diez-Canseco's strategic vision for our company and his extensive business experience, including in the food industry, make him qualified to serve on our board of directors.

Jason Dale has served as our chief operating officer and chief financial officer since January 2020. Prior to this, Mr. Dale served as our chief operating officer from August 2019 to January 2020 and as our chief financial officer from October 2014 to August 2019. Prior to joining us, Mr. Dale held a variety of executive management roles at Michael Angelo's Gourmet Foods, Inc., a producer of premium, authentic frozen Italian entrees, including chief financial officer and chief operating officer, from August 2002 to May 2014. Mr. Dale received his B.S.B. in Accounting from the University of Phoenix.

Scott Marcus has served as our chief marketing officer since May 2019. Prior to this, Mr. Marcus served as our vice president of sales and marketing from July 2018 to April 2019 and as our vice president of marketing from February 2016 to July 2018. Prior to joining us, Mr. Marcus served in various roles at Mondelēz International, Inc. (formerly Kraft Foods), an American multinational confectionery, food and beverage holding company, including marketing director for the Savory brands North America business from January 2015 to December 2015, brand marketing director of the Ritz franchise from June 2014 to January 2015 and senior brand manager of belVita Breakfast United States from August 2012 to June 2014. Mr. Marcus received his M.B.A

from The Fuqua School of Business at Duke University and his B.B.A. in Marketing from The George Washington University.

Non-Employee Directors

Brent Drever has served as a member of our board of directors since March 2019. Mr. Drever has served as co-founder and chief operating officer of Manna Tree Partners, an asset management firm focused on food supply chain transparency, since 2018. Prior to that, Mr. Drever co-founded Acuity Institute in May 2005, a provider of leadership training, coaching and consulting, where he served as chief executive officer from April 2012 to October 2018 and has served as advisor since October 2018. Since September 2017, Mr. Drever has served as co-founder and board president of Zealous Schools, a micro school. Mr. Drever holds a B.S. in Architectural Engineering from the University of Colorado at Boulder. We believe that Mr. Drever is qualified to serve on our board of directors because of his diverse business, management and leadership experience across a variety of industries, including food supply.

Glenda Flanagan has served as a member of our board of directors since July 2020. Ms. Flanagan served as the Executive Vice President and Chief Financial Officer of Whole Foods Market, Inc., the natural and organic food supermarket chain acquired by Amazon, Inc. in 2017, from 1988 through May 2017. Since then she has served as the Executive Vice President and Senior Advisor at Whole Foods. Ms. Flanagan currently serves on the boards of directors of Whole Planet Foundation, Whole Cities Foundation, and Whole Kids Foundation, as well as the public companies Fitbit, Inc. and Credit Acceptance Corporation. Ms. Flanagan holds a B.B.A. in accounting from the University of Texas at Austin. Ms. Flanagan was selected to serve as a member of our board of directors due to her extensive experience with a leading consumer and health-related brand, and her expertise and background with regard to accounting and financial matters.

Kelly Kennedy has served as a member of our board of directors since December 2019. Ms. Kennedy has served as the chief financial officer of Bartell Drugs, a family-owned pharmacy chain, since September 2018. Ms. Kennedy has also served on the board of directors of Sur La Table, Inc. since September 2018 and FirstFruits Farms LLC since December 2019. Prior to that, Ms. Kennedy served as the chief financial officer of Sur La Table from June 2015 to September 2018, as the chief financial officer of See's Candies from January 2014 to June 2015 and as the chief financial officer and treasurer of Annie's Inc. from August 2011 to November 2013. Ms. Kennedy has also served in various roles at Revolution Foods, Inc., Established Brands, Inc., Serena & Lily Inc., Forklift Brands, Inc., Elephant Pharm, Inc., Williams-Sonoma, Inc. and Dreyer's Grand Ice Cream Holdings, Inc. Ms. Kennedy received her M.B.A. from Harvard Business School and her B.A. in Economics from Middlebury College. We believe that Ms. Kennedy is qualified to serve on our board of directors because of her comprehensive financial expertise and experience with retail and consumer brands, including those in the food space. As described above, Ms. Kennedy is a director of Sur La Table, where she also served as chief financial officer from June 2015 to September 2018. Sur La Table filed a voluntary petition for bankruptcy on July 8, 2020. Except as described in the preceding sentence, no other event has occurred during the past ten years requiring disclosure pursuant to Item 401(f) of Regulation S-K.

Karl Khoury has served as a member of our board of directors since January 2015. Mr. Khoury co-founded and has served as a partner at Arborview Capital Partners LP, a venture capital firm focused on resource efficiency and sustainability, since the firm's inception in March 2008. Prior to co-founding Arborview Capital, he served as a partner with Columbia Capital, a sector-focused venture capital firm with over $2 billion under management. In addition to Vital Farms, Mr. Khoury is or has been a member of the board of directors of multiple Arborview Capital portfolio companies. Mr. Khoury is on the board of directors of Impact Capital Managers, a network of private capital fund managers in the U.S. and Canada, and he is on the Board of Trustees of the Levine School of Music. Mr. Khoury received his B.S. in Finance from Lehigh University. We believe that Mr. Khoury is qualified to serve on our board of directors because of his extensive finance and investment experience.

Denny Marie Post has served as a member of our board of directors since December 2019. Ms. Post has served on the boards of directors of Wyndham Destinations, Inc. (NYSE:WYND) since May 2018. Prior to that Ms. Post served on the board of directors of Red Robin Gourmet Burgers, Inc. (Nasdaq: RRGB), a casual dining restaurant chain, from August 2016 to April 2019 and served in a variety of senior management roles from

August 2011 to April 2019, including president, chief executive officer, chief concept officer and chief marketing officer. Ms. Post has previously held management positions at T-Mobile US, Inc., Starbucks Corporation, Burger King Worldwide Inc., and KFC USA, Pizza Hut and Taco Bell Canada while at YUM! Brands, Inc. Ms. Post received her certificate in Finance from Wharton School of Business at the University of Pennsylvania and her B.A. in Journalism and Social Sciences from Trinity University. We believe that Ms. Post is qualified to serve on our board of directors because of her diverse business, management and leadership experience in the consumer, food and hospitality industries.

Gisel Ruiz has served as a member of our board of directors since May 2020. Most recently, Ms. Ruiz served as executive vice president and chief operating officer of Sam's West, Inc., a national chain of membership-only retail warehouse clubs, from February 2017 to June 2019. She is currently on the board of advisors at Santa Clara University serving the Retail Management Institute. Ms. Ruiz served on the board of directors of Walmart de Mexico S.A.B. de CV, a multinational retail chain, from October 2016 to May 2019. Ms. Ruiz also held multiple positions at Walmart, Inc., both in the U.S. and international business segments, from 1992 through February 2017, including executive roles from 2010 to February 2017. Ms. Ruiz received her B.S. in Marketing, Retail Management from Santa Clara University. We believe that Ms. Ruiz is qualified to serve on our board of directors because of her diverse business, management and leadership experience in the consumer and food industries.

Family Relationships

There are no family relationships among any of the directors or executive officers.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have ten directors. All of our directors currently serve on the board of directors pursuant to the voting provisions of a stockholders agreement between us and several of our stockholders. The voting provisions of our stockholders agreement will terminate upon the completion of this offering, after which there will be no further contractual obligations regarding the election or designation of our directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect on the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Brent Drever and Karl Khoury, whose terms will expire at the first annual meeting of stockholders to be held following the completion of this offering;
- the Class II directors will be Glenda Flanagan, Denny Marie Post and Gisel Ruiz, whose terms will expire at the second annual meeting of stockholders to be held following the completion of this offering; and
- the Class III directors will be Matthew O'Hayer, Russell Diez-Canseco and Kelly Kennedy, whose terms will expire at the third annual meeting of stockholders to be held following the completion of this offering.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, our board of directors has determined that none of our directors, other than Mr. Diez-Canseco, Ms. Flanagan and Mr. O'Hayer, has any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the Nasdaq listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Party Transactions."

Lead Independent Director

Our board of directors has appointed Denny Marie Post to serve as our lead independent director. As lead independent director, Ms. Post will preside at all meetings of the board of directors at which the executive chairman is not present, preside over executive sessions of our independent directors, serve as a liaison between our executive chairman and our independent directors, and perform such additional duties as our board of directors may otherwise determine and delegate.

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our audit committee consists of Kelly Kennedy, Karl Khoury and Gisel Ruiz, each of whom our board of directors has determined satisfies the independence requirements under Nasdaq listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Ms. Kennedy, who our board of directors has determined is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;

- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality control procedures, any material issues with such procedures and any steps taken to deal with such issues when required by applicable law; and
- approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable Nasdaq listing standards.

Compensation Committee

Our compensation committee consists of Karl Khoury, Denny Marie Post and Gisel Ruiz. The chair of our compensation committee is Ms. Ruiz. Our board of directors has determined that each member of the compensation committee is independent under the Nasdaq listing standards and a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and approving the compensation of our chief executive officer, other executive officers and senior management;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable Nasdaq listing standards.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Brent Drever, Kelly Kennedy and Denny Marie Post. The chair of our nominating and corporate governance committee is Mr. Drever. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the Nasdaq listing standards.

Specific responsibilities of our nominating and corporate governance committee will include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- reviewing and recommending to our board of directors the compensation paid to our directors;

- instituting plans or programs for the continuing education of our board of directors and orientation of new directors;
- reviewing, evaluating and recommending to our board of directors succession plans for our executive officers;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters, including in relation to corporate social responsibility; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable Nasdaq listing standards.

Code of Conduct

We have adopted a Code of Conduct that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct will be posted on our website at www.vitalfarms.com. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are currently, or have been at any time, one of our officers or employees. None of our executive officers currently serve, or have served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

Prior to December 2019, we did not pay compensation to any of our non-employee directors. While we did not have a formal director compensation policy, in connection with the appointments of Ms. Kennedy and Ms. Post to our board of directors in December 2019, we granted stock options to each of them and agreed to pay cash compensation to each of them for board and committee service. We also reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings. Other than as set forth in the table below, no compensation was earned by or paid to our non-employee directors for fiscal 2019. The compensation of Messrs. O'Hayer and Diez-Canseco as named executive officers is set forth in the section titled "Executive Compensation." Ms. Ruiz and Ms. Flanagan joined our board of directors in May 2020 and July 2020, respectively, and are not reflected in the table below because they received no compensation for fiscal 2019.

Name	Fees Earned or Paid in Cash(1)	Option Awards(2)	Total
Kelly Kennedy(3)	$ 2,740	$142,629	$145,369
Denny Marie Post(3)	2,740	142,629	145,369

(1) Represents compensation for board and committee service.
(2) Amounts reported represent the aggregate grant date fair value of the stock options granted to our directors during fiscal 2019 under our 2013 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the director.

(3) Joined our board of directors in December 2019. In connection with the appointment, the director was granted options to purchase 8,910 shares of common stock, all of which were outstanding as of December 29, 2019. One-fourth of such options vest as of the end of each calendar quarter of 2020, subject to the director's continued service to us on such date. None of the options have been exercised.

In May 2020, our board of directors granted options to purchase 1,717 shares to each of Ms. Kennedy and Ms. Post and options to purchase 6,966 shares to Ms. Ruiz. The shares subject to each of these options have an exercise price per share of $30.57 and vest in equal installments on June 30, September 30 and December 31, 2020, subject to the respective non-employee director's continuous service with us as of each such vesting date.

In July 2020, our board of directors adopted a non-employee director compensation policy that will become effective upon the execution of the underwriting agreement related to this offering and will be applicable to all of our non-employee directors. This compensation policy provides that each such non-employee director will receive the following compensation for service on our board of directors:

- an annual cash retainer of $40,000;
- an additional annual cash retainer of $20,000 for service as lead independent director;
- an additional annual cash retainer of $10,000, $7,500 and $5,000 for service as a member of the audit committee, compensation committee and the nominating and corporate governance committee, respectively;
- an additional annual cash retainer of $20,000, $15,000 and $10,000 for service as chairman of the audit committee, chairman of the compensation committee and chairman of the nominating and corporate governance committee, respectively (in lieu of the committee member retainer above);
- an initial restricted stock unit award granted at the time a non-employee director first joins our board of directors, covering the number of shares equal to $120,000 divided by the closing sales price of our common stock on the grant date, vesting in three equal annual installments; and
- an annual restricted stock unit award covering the number of shares equal to $80,000 divided by the closing sales price of our common stock on the date of the applicable annual meeting, vesting on the earlier of (i) the one year anniversary of the date of grant and (ii) the day before the next annual meeting.

Each non-employee director may elect to convert his or her cash compensation under the compensation policy into an award of restricted stock units, which we refer to as the retainer grant. If a non-employee director timely makes this election, each such retainer grant will be automatically granted on the first business day following the date the corresponding cash compensation otherwise would be paid under the policy and will cover a number of shares of our common stock equal to (A) the aggregate amount of the corresponding cash compensation otherwise payable to the non-employee director divided by (B) the closing sales price per share of our common stock on the date the corresponding cash compensation otherwise would be paid (or, if such date is not a business day, on the first business day thereafter), rounded down to the nearest whole share. In addition, each retainer grant will be fully vested on the grant date.

Contingent and effective upon the execution and delivery of the underwriting agreement relating to this offering, each then-serving non-employee director will receive a restricted stock unit award covering the number of shares equal to $120,000 divided by the initial public offering price, which will vest in three equal installments on the day before each of the first, second and third annual meetings of stockholders that occurs following the execution of the underwriting agreement related to this offering.

Each of the grants described above will be granted under our 2020 Plan, the terms of which are described in more detail under "Executive Compensation—Equity Incentive Plans—2020 Equity Incentive Plan." Each such grant will vest subject to the director's continuous service with us, provided that each grant will vest in full upon a Change in Control, as defined in the 2020 Plan.

EXECUTIVE COMPENSATION

Our named executive officers for the fiscal year ended December 29, 2019, consisting of our principal executive officers and the next two most highly compensated executive officers, were:

- Matthew O'Hayer, who served as our chief executive officer until April 25, 2019 and currently serves as our executive chairman and as a member of our board of directors;
- Russell Diez-Canseco, who served as our president and chief operating officer until April 25, 2019 and currently serves as our president and chief executive officer and as a member of our board of directors;
- Scott Marcus, who served as our vice president of sales and marketing until April 25, 2019 and currently serves as our chief marketing officer; and
- Daniel Jones, who served as our chief financial officer from August 12, 2019 until January 27, 2020 and currently serves as our vice president of finance.

2019 Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers for the fiscal year ended December 29, 2019.

Name and Principal Position	Year	Salary(1)	Option Awards(2)	Non-Equity Incentive Plan Compensation(3)	All Other Compensation(4)	Total
Matthew O'Hayer(5)(6)	2019	$208,750	$ —	$ 43,750	$ 8,596	$ 261,096
Executive Chairman and Director and Former Chief Executive Officer						
Russell Diez-Canseco(5)(7)	2019	$327,115	$2,330,074	$ 154,808	$ 8,654	$ 2,820,651
President, Chief Executive Officer and Director						
Scott Marcus	2019	$218,877	$ 750,441	$ 53,622	$ 8,300	$ 1,031,240
Chief Marketing Officer						
Daniel Jones(8)	2019	$110,769	$1,332,349	$ 46,523	$ 3,323	$ 1,492,964
Vice President, Finance and Former Chief Financial Officer						

(1) Salary amounts represent actual amounts paid during 2019. See "—Narrative to the Summary Compensation Table—Annual Base Salary" below.

(2) Amounts reported represent the aggregate grant date fair value of the stock options granted to our named executive officers during fiscal 2019 under our 2013 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.

(3) See "—Narrative to Summary Compensation Table—Non-Equity Incentive Plan Compensation" below for a description of the material terms of the program pursuant to which this compensation was awarded."

(4) The amounts in this column include our 401(k) match contribution for each named executive officer.

(5) Each of Messrs. O'Hayer and Diez-Canseco is also a member of our board of directors, but did not receive any additional compensation in his capacity as a director.

(6) During fiscal year 2019, Mr. O'Hayer served as our chief executive officer until April 30, 2019. Effective May 1, 2019, Mr. O'Hayer transitioned into the role of our executive chairman.

(7) During fiscal year 2019, Mr. Diez-Canseco served as our president and chief operating officer until April 30, 2019. Effective May 1, 2019, Mr. Diez-Canseco transitioned into the role of our chief executive officer.

(8) Mr. Jones joined us in August 2019 as our chief financial officer. In January 2020, Mr. Jones transitioned into the role of our vice president, finance. Salary and bonus amounts represent the pro rata portion of fiscal 2019 annual base salary and bonus, respectively.

Narrative to the Summary Compensation Table

Annual Base Salary

Our named executive officers receive a base salary to compensate them for services rendered to us. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary. The fiscal 2019 base salary for Mr. O'Hayer was $275,000 until June 2019, after which Mr. O'Hayer voluntarily reduced his salary to $57,000 until October 2019, when our board of directors determined to increase Mr. O'Hayer's salary to $300,000. The fiscal 2019 base salary for Mr. Diez-Canseco was $315,000 until August 2019 when, following his promotion to chief executive officer, it was increased to $350,000. The fiscal 2019 base salary for Mr. Marcus was $202,000 until August 2019 when, following his promotion to chief marketing officer, it was increased to $250,000. The fiscal 2019 base salary for Mr. Jones was $320,000 until January 2020 when it was decreased to $200,000 in connection with his transition to vice president, finance.

Non-Equity Incentive Plan Compensation

We develop a performance-based bonus program annually. Under the fiscal 2019 annual performance bonus program, each named executive officer was eligible to be considered for an annual performance bonus based on (1) the individual's target bonus, as a percentage of base salary, and (2) the percentage attainment of our fiscal 2019 corporate goals established by our board of directors in its sole discretion and communicated to each officer. Each named executive officer is assigned a target bonus expressed as a percentage of his base salary, which for fiscal 2019 was 30% for Mr. O'Hayer, 68% for Mr. Diez-Canseco, 34% for Mr. Marcus and 60% for Mr. Jones. For fiscal 2019, our board of directors determined that our percentage attainment level was between 93% and 95% for each of our fiscal 2019 corporate goals. Accordingly, our board of directors approved performance bonuses for each of the named executive officers as reflected in the column of the Summary Compensation Table above entitled "Non-Equity Incentive Plan Compensation."

Equity-Based Incentive Awards

Our equity award program is the primary vehicle for offering long-term incentives to our executives. We believe that equity awards provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. To date, we have used stock option grants for this purpose because we believe they are an effective means by which to align the long-term interests of our executive officers with those of our stockholders. The use of options also can provide tax and other advantages to our executive officers relative to other forms of equity compensation. We believe that our equity awards are an important retention tool for our executive officers, as well as for our other employees.

We award stock options broadly to our employees, including to our non-executive employees. Grants to our executives and other employees are made at the discretion of our board of directors and are not made at any specific time period during a year.

In August 2019, our board of directors granted options to purchase 426,566 shares to Mr. Diez-Canseco and 137,383 shares to Mr. Marcus following their respective promotions, and it granted options to purchase 243,770 shares to Mr. Jones in connection with his hiring. The shares subject to each of these options have an exercise price per share of $13.11 and vest annually over a five-year period, beginning on the first anniversary of the August 2019 vesting commencement date, subject to the respective named executive officer's continuous service with us as of each such vesting date.

Prior to this offering, all of the stock options we have granted were made pursuant to our 2013 Plan. Following this offering, we will grant equity incentive awards under the terms of our 2020 Plan. The terms of our equity plans are described under the section titled "—Equity Incentive Plans" below.

Outstanding Equity Awards as of December 29, 2019

The following table presents estimated information regarding outstanding equity awards held by our named executive officers as of December 29, 2019. All awards were granted pursuant to the 2013 Plan. See the section titled "—Equity Incentive Plans—2013 Incentive Plan" below for additional information.

		Option Awards(1)			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Matthew O'Hayer					
	10/19/2017	53,971	80,958(2)	$ 9.24	10/19/2027
Russell Diez-Canseco					
	3/14/2014	5,000	—	$ 1.66	3/14/2024
	9/26/2014	87,835	—	$ 3.52	9/26/2024
	5/22/2015	40,000	10,000(2)	$ 3.52	5/22/2025
	1/1/2016	24,000	16,000(2)	$ 7.99	1/1/2026
	12/1/2016	42,000	28,000(2)	$ 7.99	12/1/2026
	5/22/2018	18,000	72,000(3)	$ 9.04	5/22/2028
	8/22/2019	—	426,566(2)	$ 13.11	8/22/2029
Scott Marcus					
	2/22/2016	10,130	10,000(2)	$ 7.99	2/22/2026
	4/2/2018	1,000	4,000(2)	$ 9.04	4/2/2028
	8/22/2019	—	137,383(2)	$ 13.11	8/22/2029
Daniel Jones					
	8/22/2019	—	243,770(4)	$ 13.11	8/22/2029

(1) All of the awards listed in this table were granted under our 2013 Incentive Plan, the terms of which are described below under "—Equity Incentive Plans—2013 Incentive Plan."
(2) The shares subject to this award vest in equal annual installments over five years from the date of grant subject to the executive officer's continued service.
(3) The shares subject to this award vest in equal annual installments over five years from January 1, 2018 subject to the executive officer's continued service.
(4) On January 27, 2020, Daniel Jones agreed to forfeit 193,770 unvested options in connection with his agreement to transition from chief financial officer into the role of vice president of finance. The remaining 50,000 shares subject to this award vest in equal annual installments over five years from August 26, 2019 subject to the executive officer's continued service.

Employment Arrangements

Each of our named executive officers is an at-will employee with certain rights to advance notice prior to termination. We have entered into an employment agreement or offer letter with each of our named executive officers, other than Mr. O'Hayer.

Russell Diez-Canseco

We maintain an employment agreement with Russell Diez-Canseco, originally entered into in October 2018, while Mr. Diez-Canseco served as our president and chief operating officer, which was amended and restated in July 2020. Pursuant to the amended and restated agreement, Mr. Diez-Canseco is entitled to a base salary of

$350,000 per year. Mr. Diez-Canseco is eligible to receive an annual bonus payment, as may be determined by our board of directors in its sole discretion, based upon his performance and other criteria as may be established by the board from time to time. Mr. Diez-Canseco must provide to us two weeks' written notice of his resignation other than for good reason and, in the event of our termination of Mr. Diez-Canseco's without cause, we must either provide two weeks' written notice of termination or payment in lieu of two weeks' notice. We may terminate Mr. Diez-Canseco immediately for cause and upon his death or disability. Regardless of the manner in which he is terminated, Mr. Diez-Canseco is entitled to receive amounts earned during his term of service, including salary, unreimbursed expenses incurred by him on our behalf, and accrued and unused vacation pay in accordance with our normal policies and practice. Upon termination by Mr. Diez-Canseco for good reason, termination by us without cause or upon his death or disability, Mr. Diez-Canseco shall be eligible to receive the following severance benefits:

- a lump sum amount equal to 150% of his annual base salary, or the Base Salary Severance;
- one year of premiums for continued health benefits under COBRA at the level existing on the termination date; and
- we will permit Mr. Diez-Canseco to use shares to pay the exercise price for all vested options owned by him on the termination date.

These severance benefits are conditioned upon Mr. Diez-Canseco's compliance with his post-termination obligations under his employment agreement and upon his execution, delivery and non-revocation of a release of claims in favor of the company. The employment agreement also contains intellectual property assignments and post-termination non-disclosure, non-solicitation, non-competition, and non-disparagement obligations.

For purposes of Mr. Diez-Canseco's employment agreement, "cause" means a good faith finding by the board of directors that (A) Mr. Diez-Canseco failed to substantially perform his duties and obligations to the company (other than a failure resulting from the death or incapacity due to disability) subject to a notice and cure opportunity; (B) Mr. Diez-Canseco has committed a crime involving fraud, dishonesty, theft or breach of trust; (C) Mr. Diez-Canseco has been convicted of a felony involving moral turpitude; (D) Mr. Diez-Canseco intentionally and willfully engaged in misconduct that is demonstrably and materially injurious to the company, monetarily or otherwise; (E) Mr. Diez-Canseco materially breached his employment agreement or any other agreement with us regarding his intellectual property rights; (F) Mr. Diez-Canseco willfully violated state or federal laws or regulations in connection with his employment to our material detriment; or (G) Mr. Diez-Canseco willfully failed to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by us to cooperate, or willfully destroyed or failed to preserve documents or other materials relevant to such investigation.

For purposes of Mr. Diez-Canseco's employment agreement, "good reason" means (A) a material reduction in salary; (B) any material diminution in the authority or responsibilities of Mr. Diez-Canseco with respect to the our business; (C) an office relocation farther than 50 miles from our principal executive offices; or (D) a material breach by us of the employment agreement.

Scott Marcus

We entered into an offer letter agreement with Mr. Marcus in connection with his commencement of employment with us as our vice president of marketing in February 2016. Pursuant to the offer letter agreement, Mr. Marcus was entitled to an initial base salary of $165,000 per year (which has been subsequently increased), an initial target annual performance bonus of $50,000 of base salary (which has been subsequently increased), an initial stock option grant to purchase up to 25,000 shares and severance of two months' base salary if we terminated Mr. Marcus without cause during the first 18 months of employment. In July 2020, we entered into an amended and restated offer letter with Mr. Marcus governing the terms of his continued employment as our chief marketing and sales officer. Under the amended and restated offer letter, Mr. Marcus is entitled to a base salary of $250,000 per year and a target annual performance bonus of 50% of base salary.

Daniel Jones

We entered into an offer letter agreement with Mr. Jones in connection with his commencement of employment with us as our chief financial officer in August 2019. Pursuant to the offer letter agreement, Mr. Jones was entitled to an initial base salary of $320,000 per year, a target annual performance bonus of 60% of base salary and an initial stock option grant to purchase up to 243,770 shares. In January 2020, we entered into a new offer letter agreement with Mr. Jones in connection with his transition to the role of our vice president, finance, which provides for a reduced level of base salary and target bonus and forfeiture of a portion of Mr. Jones' stock options granted in 2019.

Health and Welfare and Retirement Benefits; Perquisites

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, disability and life insurance plans, in each case on the same basis as all of our other employees. We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances.

401(k) Plan

Our named executive officers are eligible to participate in a defined contribution retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may defer eligible compensation on a pre-tax or after-tax (Roth) basis, up to the statutorily prescribed annual limits on contributions under the Code. Contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. We currently make matching contributions into the 401(k) plan on behalf of participants equal to 100% on participant contributions up to 3% of their compensation. Participants are immediately and fully vested on all contributions. The 401(k) plan is intended to be qualified under Section 401(a) of the Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan (except for Roth contributions) and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan. Our board of directors may elect to adopt qualified or nonqualified benefit plans in the future, if it determines that doing so is in our best interests.

Equity Incentive Plans

2020 Equity Incentive Plan

Our board of directors adopted our 2020 Plan in July 2020. We expect that our stockholders will approve, prior to the closing of this offering, our 2020 Plan. The 2020 Plan will become effective immediately prior to the execution of the underwriting agreement for this offering, and no further grants will be made under our 2013 Plan. Our 2020 Plan will provide for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance awards and other forms of stock compensation to our employees, including officers, consultants and directors.

Authorized Shares. Initially, the maximum number of shares of our common stock that may be issued under our 2020 Plan after it becomes effective will be shares, which is the sum of (i) new shares, plus (ii) the number of shares that remain available for the issuance of awards under our 2013 Plan at the time our 2020 Plan becomes effective, plus (iii) any shares subject to outstanding stock awards that were granted under our 2013 Plan that terminate or expire prior to exercise or settlement, are settled in cash, are forfeited because of the failure to vest, or are reacquired or withheld to satisfy a tax withholding obligation or the purchase or exercise price. In addition, the number of shares of our common stock reserved for issuance under our 2020 Plan will automatically increase on January 1 of each calendar year, starting on January 1, 2021 (assuming the

2020 Plan becomes effective in 2020) through January 1, 2030, in an amount equal to 4% of the total number of shares of our common stock outstanding on December 31 of the preceding year, or a lesser number of shares determined by our board of directors. The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2020 Plan is shares.

Shares subject to stock awards granted under our 2020 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares do not reduce the number of shares available for issuance under our 2020 Plan. If any shares of common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us for any reason, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under the 2020 Plan. Any shares reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under the 2020 Plan.

The aggregate value of all compensation granted or paid, as applicable, by the company to any individual for service as a non-employee director with respect to any period commencing on the date of the annual meeting of stockholders for a particular year and ending on the day immediately prior to the date of the annual meeting of stockholders for the next subsequent year, or the Annual Period, including awards granted under the 2020 Plan and cash fees paid by us to such non-employee director, will not exceed $500,000 in total value or, with respect to (A) the non-executive chairperson of the board of directors or (B) the Annual Period in which a non-employee director is first appointed or elected to our board of directors, $1,000,000 in total value (in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes). The limits apply commencing with the Annual Period that begins on our first annual meeting of stockholders following the pricing of this offering.

Plan Administration. Our board of directors, or a duly authorized committee or subcommittee of our board of directors, will administer our 2020 Plan and is referred to as the "plan administrator" herein. Our board of directors may also delegate to one or more of our officers the authority to (i) designate employees (other than officers) to receive specified stock awards and (ii) determine the number of shares subject to such stock awards, provided that the officer may not grant any such awards to himself. Our board of directors will specify the total number of shares of our common stock that may be subject to stock awards granted by such officer in this manner. Under our 2020 Plan, our board of directors has the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under the 2020 Plan, the board of directors also generally has the authority to effect, with the consent of any adversely affected participant, (i) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (ii) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (iii) any other action that is treated as a repricing under generally accepted accounting principles. Under the 2020 Plan, our board of directors also has the authority to submit any amendment to the 2020 Plan for stockholder approval.

Stock Options. ISOs and nonstatutory stock options, or NSOs, are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2020 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2020 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2020 Plan, up to a maximum of ten years. Unless the terms of an optionholder's stock option agreement provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is

prohibited by applicable securities laws or our insider trading policy. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include: (i) cash, check, bank draft or money order; (ii) a broker- assisted cashless exercise; (iii) the tender of shares of our common stock previously owned by the optionholder; (iv) a net exercise of the option if it is an NSO; or (v) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the plan administrator or a duly authorized officer an option may be transferred pursuant to a domestic relations order.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (ii) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards. Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Except as otherwise provided in the applicable award agreement or other written agreement, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the purchase price or strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under the 2020 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. The appreciation distribution may be made in shares of our stock, in cash, in any combination of the two, or in any other form of consideration, as determined by our board of directors and contained in the applicable award agreements.

The plan administrator determines the term of stock appreciation rights granted under the 2020 Plan, up to a maximum of ten years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service, or any other period set by the applicable award agreement, so long as such period complies with applicable law. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death, or any other period set by the applicable award agreement, so long as such period complies with applicable law. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2020 Plan permits the grant of performance-based awards. Our plan administrator may structure awards so that the shares of our stock, cash, or other property will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. The performance criteria that will be used to establish such performance goals may be based on any measure of performance selected by the plan administrator.

The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. In addition, the board of directors is authorized to make adjustment in the method of calculating attainment of performance goals and objectives for a performance period as follows: (A) to exclude restructuring and/or other nonrecurring charges; (B) to exclude exchange rate effects; (C) to exclude the effects of changes to generally accepted accounting principles; (D) to exclude the effects of any statutory adjustments to corporate tax rates; (E) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (F) to exclude the dilutive effects of acquisitions or joint ventures; (G) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (H) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (I) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (J) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (K) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the stock award and all other terms and conditions of such awards.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (i) the class(es) and maximum number of shares reserved for issuance under the 2020 Plan; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and maximum number of shares that may be issued on the exercise of ISOs; and (iv) the class(es) and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions or Change in Control. The following applies to stock awards under the 2020 Plan in the event of a corporate transaction or change in control (each as defined in the 2020 Plan and together

referred to as a "transaction" herein), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a transaction, any stock awards outstanding under the 2020 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (1) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full to a date prior to the effective time of the transaction (contingent upon the effectiveness of the transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the transaction), and (2) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (1) the value of the property the participant would have received upon the exercise of the stock award over (2) any exercise price payable by such holder in connection with such exercise.

Under the 2020 Plan, a corporate transaction is generally the consummation of: (i) a sale of all or substantially all of our assets; (ii) the sale or disposition of at least 50% of our outstanding securities; (iii) a merger or consolidation where we do not survive the transaction; or (iv) a merger or consolidation where we do survive the transaction but the shares of our common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction.

Awards granted under the 2020 Plan may be subject to additional acceleration of vesting and exercisability upon or after a change in control as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur. Under the 2020 Plan, a change in control is generally: (i) the acquisition by any person or company of more than 50% of the combined voting power of our then outstanding stock (unless made in connection with this offering or to allow us to obtain financing through the issuance of equity securities); (ii) a consummated merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity) in substantially the same proportions as their ownership immediately prior to such transaction; (iii) a consummated sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction; or (iv) when a majority of our board of directors becomes comprised of individuals who were not serving on our board of directors on the date of the 2020 Plan was adopted by the board of directors, or the incumbent board, or whose nomination, appointment, or election was not approved by a majority of the incumbent board still in office.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend, or terminate our 2020 Plan, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2020 Plan. No stock awards may be granted under our 2020 Plan while it is suspended or after it is terminated.

2013 Incentive Plan

General. Our board of directors adopted and our stockholders approved our 2013 Plan in August 2013. We have subsequently amended our 2013 Plan in September 2014, April 2016 and August 2019, the purpose of which was to increase the number of shares available for issuance under our 2013 Plan. Our 2013 Plan will be suspended prior to the completion of this offering in connection with our adoption of our 2020 Plan; however, awards outstanding under our 2013 Plan will continue in full effect in accordance with their existing terms.

Share Reserve. The maximum number of shares of our common stock that may be issued under our 2013 Plan is 2,423,286 shares, plus any shares subject to stock options or other stock awards granted under the 2013 Plan that would have otherwise returned to our 2013 Plan (such as upon the expiration or termination of a stock award prior to vesting). As of March 29, 2020, options to purchase 1,998,077 shares of common stock, at exercise prices ranging from $1.56 to $36.48 per share, or a weighted-average exercise price of $8.81 per share were outstanding under our 2013 Plan.

Administration. Our board of directors or a duly authorized committee of our board of directors administers our 2013 Plan and the stock awards granted under it. Subject to the terms of our 2013 Plan, our board of directors has full power and authority to establish rules and regulations for the administration of the 2013 Plan and to make such determinations under, and issue such interpretations of, the 2013 Plan and any outstanding stock awards thereunder as it deems necessary or advisable. Our board of directors has the full authority to determine (i) with respect to the option grants, which eligible persons are to receive option grants, the time or times when such option grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an ISO or NSO, the time or times at which each option is to become exercisable, the vesting schedule (if any) applicable to the option shares, the maximum term for which the option is to remain outstanding, and any restrictions on transfer of shares received on the exercise of option grants, and (ii) with respect to stock issuances, which eligible persons are to receive stock issuances, the time or times when such issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares, the consideration to be paid for such shares, and any restrictions on transfer for shares issued thereunder.

Types of Awards. Our 2013 Plan provides for the discretionary grant of stock options, including ISOs or NSOs, and restricted stock awards to our and our affiliates' employees, members of our board of directors, consultants and other independent advisors. ISOs may be granted only to employees. We do not have any outstanding restricted stock awards under the 2013 Plan.

Options. The exercise price of options granted under our 2013 Plan may not be less than 100% (or 110% in the case of incentive stock options granted to certain stockholders) of the fair market value of our common stock on the grant date. Options expire at the time determined by the administrator, but in no event more than ten years after they are granted, and generally expire earlier if the optionholder's service terminates.

Corporate Transaction. Unless otherwise provided at the time of grant, in the event of a corporate transaction, the vesting of each outstanding option will automatically accelerate and each option will become fully exercisable immediately prior to the effective date of such corporate transaction, and if not exercised, will terminate immediately following the consummation of the corporate transaction, unless, such option is assumed, replaced or substituted with a comparable equity or cash entitlement. In addition, unless prohibited at the time of grant or assigned to the successor entity, all outstanding repurchase rights will terminate automatically upon a corporate transaction, and the shares subject to such terminated rights will immediately vest in full. Assumed options will be adjusted as appropriate in connection with the corporate transaction. In addition, the plan administrator has the discretion to provide that all or any portion of any options that are assumed or replaced in the corporate transaction and do not otherwise accelerate at that time will be accelerated upon a subsequent termination of the option holder's service within 12 months following closing, and that the options may remain outstanding through the end of their term or through the one year anniversary of termination of service, or to

provide for full acceleration of the options upon consummation of the corporate transaction, regardless of whether they are assumed or replaced.

In general, a "corporate transaction" means: (i) a merger or consolidation in which the company is not the surviving entity and in which the beneficial owners of the company prior to the transaction own less than 50% of the voting securities of the surviving entity (calculated on a fully diluted basis); (ii) a sale, transfer or other disposition of all or substantially all of our assets; (iii) a complete liquidation or dissolution of the company; (iv) the acquisition by any person or entity, or any group of persons or entities, directly or indirectly, of more than 50% of the issued and outstanding voting securities of the company (calculated on a fully diluted basis) other than in a transaction approved by a majority of the disinterested directors of the company; (v) the election to our board of directors of a majority of directors different from those persons currently serving on our board or nominees of the incumbent directors; or (vi) a public announcement of a tender or exchange offer by any person for 50% or more of the outstanding securities of the company that our board of directors approves or fails to oppose in its statements in Schedule 14D-9 under the Exchange Act unless such tender or exchange offer is approved by a majority of the disinterested directors of the company. A transaction shall not constitute a corporate transaction if its sole purpose is to change the state of the company's incorporation or to create a holding company that will be beneficially owned in substantially the same proportions by the persons or entities who held the company's securities immediately before such transaction.

Transferability. A participant may not transfer stock awards under our 2013 Plan other than by will, the laws of descent and distribution, or as otherwise provided under our 2013 Plan.

Plan Amendment or Termination. Our board of directors has the authority to amend or modify our 2013 Plan, provided that such action is approved by our stockholders to the extent stockholder approval is necessary, and provided further that no amendment or modification may be made that adversely affects the rights of a participant with respect to outstanding awards without the participant's consent. As described above, our 2013 Plan will be suspended upon the effective date of our 2020 Plan.

2020 Employee Stock Purchase Plan

General. Our board of directors adopted the ESPP in July 2020. We expect that our stockholders will approve, prior to the closing of this offering, our ESPP. The ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of the ESPP is to secure and retain the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

Share Reserve. Following this offering, the ESPP authorizes the issuance of shares of our common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each calendar year, beginning on January 1, 2021 (assuming the ESPP becomes effective in 2020) through January 1, 2030, by the lesser of (i) 1% of the total number of shares of our common stock outstanding on the last day of the calendar month before the date of the automatic increase and (ii) shares of our common stock; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). As of the date hereof, no shares of our common stock have been purchased under the ESPP.

Administration. Our board of directors administers the ESPP and has delegated its authority to administer the ESPP to our compensation committee, which may further delegate its authority to administer the ESPP to a subcommittee. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months, and may specify shorter

purchase periods within each offering. The administrator will establish for each offering, one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings (as defined in the ESPP) for the purchase of our common stock under the ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (i) 85% of the fair market value of a share of our common stock on the first date of an offering or (ii) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of $25,000 worth of our common stock based on the fair market value per share of our common stock at the beginning of an offering for each calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to Capital Structure. In the event that there occurs a change in our capital structure that affects the shares of our stock subject to the ESPP through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or similar transaction, the board of directors will make appropriate adjustments to: (i) the class(es) and maximum number of shares reserved under the ESPP; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and number of shares subject to and purchase price applicable to outstanding offerings and purchase rights; and (iv) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of certain significant corporate transactions, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued, or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within 10 business days before such corporate transaction, and such purchase rights will terminate immediately.

Under the ESPP, a corporate transaction is generally the consummation of: (i) a sale of all or substantially all of our assets, as determined by the board; (ii) the sale or disposition of more than 50% of our outstanding securities; (iii) a merger or consolidation where we do not survive the transaction; and (iv) a merger or consolidation where we do survive the transaction but the shares of our common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction.

Amendment or Termination. Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

Limitations on Liability and Indemnification Matters

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will contain provisions that limit the liability of our current and former directors for monetary damages to the

fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

(1) any breach of the director's duty of loyalty to the corporation or its stockholders;

(2) any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

(3) unlawful payments of dividends or unlawful stock repurchases or redemptions; or

(4) any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect on the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 10b5-1 Sales Plans

Our directors and officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2017 to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, had or will have a direct or indirect material interest.

Series D Convertible Preferred Stock Financing

In April 2017, we issued and sold an aggregate of 1,219,672 shares of our Series D convertible preferred stock at a purchase price of $9.1053 per share, for an aggregate purchase price of $11.1 million. Each share of our Series D convertible preferred stock will convert automatically convert into one share of our common stock immediately prior to the completion of this offering.

The table below sets forth the number of shares of our Series D convertible preferred stock purchased by beneficial owners of more than 5% of our capital stock or their affiliated entities.

Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price ($)
Entities affiliated with Sunrise Strategic Partners, LLC	1,098,262	10,000,005
Bowie Strategic Investments, Inc.	121,410	1,105,475

Our former director Steve Young is executive vice president and managing director at Sunrise Strategic Partners. Our director Glenda Flanagan is an executive vice president and senior advisor at Whole Foods, which is our largest retail customer.

2019 Common Stock Financing

In March and April 2019, we issued and sold an aggregate of 1,144,314 shares of our common stock at a purchase price of $13.1083 per share, for an aggregate purchase price of $15.0 million, to entities associated with Manna Tree Partners. As a result of these transactions, these entities collectively hold more than 5% of our capital stock. Brent Drever, a member of our board of directors, is the co-founder and chief operating officer of Manna Tree Partners.

2019 Stock Buyback

In April and May 2019, we entered into a series of agreements pursuant to which we repurchased an aggregate of 1,159,663 shares of our common stock at a purchase price of $13.1083 per share, for an aggregate purchase price of $15.2 million, from existing investors.

The table below sets forth the number of shares of common stock repurchased from beneficial owners of more than 5% of our capital stock, our directors, officers or their respective affiliates.

Stockholder	Shares of Common Stock Repurchased	Total Repurchase Price ($)
Matthew O'Hayer	679,223	8,903,459
Entities affiliated with Jason Jones	217,169	2,846,716
Entities affiliated with SJF Ventures	66,252	868,451
Entities affiliated with InvestEco Capital Corp.	58,983	773,167
Russell Diez-Canseco	27,165	356,087
Jason Dale	16,835	220,678
Scott Marcus	4,870	63,837

Matthew O'Hayer is our founder, executive chairman and a member of our board of directors. Jason Jones is a former member of our board of directors and current board observer. Our former director Alan Kelley is a managing director at SJF Ventures, and our former director Andrew Heintzman is managing partner at InvestEco. Russell Diez-Canseco is our president, chief executive officer and a member of our board of directors. Jason Dale and Scott Marcus are our chief operating officer and chief marketing officer, respectively.

2017 Secondary Sales

In June 2017, certain of our stockholders, including Matthew O'Hayer and Jason Jones, sold shares of our common stock at a price of $9.1053 per share to Rose Impact Venture Fund, LLC. Rose Impact Venture Fund, LLC purchased 16,569 shares of our common stock from Mr. O'Hayer for an aggregate purchase price of $150,867, and 2,575 shares of our common stock from Mr. Jones for an aggregate purchase price of $23,448.

2017 Note Issuances

In March 2017, we issued an aggregate of $4.0 million in principal amount of 14% senior subordinated promissory notes, or the 2017 Notes. The table below sets forth the aggregate principal amount of the 2017 Notes issued to beneficial owners of more than 5% of our capital stock, our directors, officers or their respective affiliates.

Stockholder	Total Principal Amount ($)
Bowie Strategic Investments, Inc.	2,000,000
Matthew O'Hayer	370,000
Entities affiliated with InvestEco Capital Corp.	100,000
Russell Diez-Canseco	100,000
Jason Dale	30,000

In October 2017, we repaid in full all principal and interest under, and cancelled, the 2017 Notes.

Relationship with Ovabrite, Inc.

In May 2016, we entered into a master joint development and production distribution agreement, or the JDPD Agreement, with Novatrans Group SA, or Novatrans, for the development of certain technology related to determining certain properties of an egg, including fertility.

Pursuant to the JDPD Agreement, in December 2016, we entered into an assignment agreement with Ovabrite, Inc., or Ovabrite, whereby we granted and assigned to Ovabrite all of our rights and obligations under the JDPD Agreement. In consideration for the assignment and grant of rights under the JDPD Agreement,

Ovabrite issued an unsecured promissory note in a principal amount of $0.4 million, or the First Note, to us that represented the total cash paid by us to Novatrans under the JDPD Agreement. Interest on the First Note accrued at an annual rate of 1.46%, and Ovabrite was required to make semi-annual payments on amounts outstanding under the First Note, including any accrued but unpaid interest, until the First Note matured on December 23, 2021.

Additionally, in December 2016, we extended an unsecured line of credit to Ovabrite to be used for working capital under which Ovabrite's maximum borrowing capacity was $50,000, or the Ovabrite Line of Credit. Interest on the Ovabrite Line of Credit accrued at an annual rate of 1.46%, and Ovabrite was required to make semi-annual payments on amounts outstanding under the line of credit, including any accrued but unpaid interest, until the Ovabrite Line of Credit matured on December 23, 2021. There were no outstanding borrowings under Ovabrite Line of Credit as of March 29, 2020.

In December 2016, we entered into a services agreement with Ovabrite under which we provide certain administrative services to Ovabrite in exchange for a monthly management fee. The management fees incurred by Ovabrite for fiscal years 2017, 2018 and 2019 were $36,000, $36,000 and $6,000, respectively. The management fees incurred by Ovabrite for the fiscal quarter ended March 29, 2020 were $1,500.

In November 2017, Ovabrite modified the First Note and the Ovabrite Line of Credit and issued a 1.45% unsecured convertible promissory note to us in a principal amount of $0.5 million plus previously accrued and unpaid interest of $6,460, or the Ovabrite Convertible Note. In the event of a qualified sale of Ovabrite equity securities to one or more investors resulting in gross proceeds to Ovabrite of at least $1.0 million, all principal and accrued and unpaid interest on the Ovabrite Convertible Note was automatically convertible into a number of shares of Ovabrite's equity securities issued in such a financing equal to the outstanding principal and accrued but unpaid interest on the Ovabrite Convertible Note, divided by an amount equal to 80% of the lowest price per share of the equity security sold in the financing. In the event of a non-qualified sale of Ovabrite equity securities, or a Nonqualified Financing, all principal and accrued and unpaid interest on the Ovabrite Convertible Note was contingently convertible into a number of shares of Ovabrite's equity securities issued in such a financing equal to the outstanding principal and accrued but unpaid interest on the Ovabrite Convertible Note, divided by an amount equal to 80% of the lowest price per share of the equity security sold in the financing.

In November 2017, Ovabrite issued 1,065,038 shares of convertible preferred stock, or the Series 2017 Preferred Stock, at $0.14 per share for gross proceeds of $150,000, which constituted a Nonqualified Financing. In January 2018, Ovabrite issued 177,506 shares of Series 2017 Preferred Stock at $0.14 per share for gross proceeds of $25,000. In April 2018, as a result of the Nonqualified Financing event that occurred in November 2017, we elected to exercise our option to convert the outstanding principal balance of the Ovabrite Convertible Note into 4,459,490 shares of Series 2017 Preferred Stock at a conversion price of $0.112672 per share.

We and our directors, officers and 5% holders collectively own a majority of the common stock of Ovabrite, with Matthew O'Hayer being the largest holder. Matthew O'Hayer and our director Karl Khoury serve as the directors of Ovabrite. Mr. O'Hayer is the chief executive officer of Ovabrite and Jason Dale is the chief financial officer of Ovabrite.

Relationship with Whole Foods

We serve the majority of our natural channel retail customers through food distributors, such as US Foods, which purchases, stores, sells and delivers our products to Whole Foods, and UNFI, which was Whole Foods' distributor through March 2020. As a result, we are not able to precisely attribute our net revenue to Whole Foods. In fiscal years 2017, 2018 and 2019, UNFI accounted for approximately 36%, 36% and 35% of our net revenue, respectively. In the fiscal quarter ended March 29, 2020, UNFI accounted for approximately 33% of our

net revenue. We rely on third-party data and internal analysis to calculate the portion of retail sales attributable to Whole Foods. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 37%, 33% and 31% of our retail sales in fiscal years 2017, 2018 and 2019, respectively, and approximately 32% of our retail sales for the fiscal quarter ended March 29, 2020. Our director Glenda Flanagan is an executive vice president and senior advisor at Whole Foods.

Agreements with Sandpebble Builders Preconstruction

In September 2016, we entered into a consulting contract with Sandpebble Builders Preconstruction, Inc., or Sandpebble, for project management services for our initial construction of Egg Central Station, including in relation to design, procurement, scheduling, site control and certifications. In 2019, we entered into a subsequent consulting contract with Sandpebble for similar project management services in connection with our expansion of Egg Central Station. Victor Canseco, the owner and principal of Sandpebble, is the father of Russell Diez-Canseco, our president, chief executive officer and a member of our board of directors. Pursuant to our consulting agreements with Sandpebble, we paid Sandpebble approximately $1.2 million, $211,000 and $556,000 in fiscal 2017, 2018 and 2019, respectively, and $223,000 in the fiscal quarter ended March 29, 2020.

Director Loans

In February 2019, we loaned $3.2 million to Matthew O'Hayer and $800,000 to Jason Jones, which we collectively refer to as the 2019 Director Loans. Each of the 2019 Director Loans was made pursuant to a non-recourse promissory note with interest at a rate per annum calculated at the lower of (i) the maximum applicable non-usurious rate of interest and (ii) the LIBOR rate (as defined in the Credit Facility), as such rate may be in effect from time to time, plus 2%. The initial interest rate on the 2019 Director Loans was 4.78%. Unless a 2019 Director Loan is accelerated in accordance with its terms, we will terminate it upon the earliest to occur of (i) August 7, 2022, (ii) the date of closing of a Liquidity Transaction (as defined in the applicable 2019 Director Loan) and (iii) prior to the time such note would be prohibited by the Sarbanes-Oxley Act.

In connection with his promissory note, Mr. Jones pledged and assigned to us a security interest in 135,594 shares of our common stock held by him.

As security for the payment of our obligations under the Credit Facility, in February 2019 we collaterally assigned and granted a security interest in the 2019 Director Loans to PNC Bank, National Association, including all rights to receive payments under the 2019 Director Loans and all proceeds thereof.

Mr. O'Hayer repaid his 2019 Director Loan in full on November 26, 2019. As of March 29, 2020, the balance of the 2019 Director Loan to Mr. Jones was $836,108, including principal and $36,108 of accrued interest.

Stockholders Agreement

In connection with our convertible preferred stock and common stock financings, we entered into a stockholders agreement, as subsequently amended and restated, which contains, among other things, registration rights, information rights, voting rights with respect to the election of directors, co-sale rights and rights of first refusal, with certain holders of our capital stock. The parties to the stockholders agreement include: entities affiliated with Arborview Capital Partners LP, where our director Karl Khoury is a partner; entities affiliated with Bowie Strategic Investments, Inc., entities affiliated with Inherent Group, LLC, where our former director Anthony Davis is chief executive officer and chief investment officer; entities affiliated with InvestEco Capital Corp; entities affiliated with Manna Tree Partners; entities affiliated with SJF Ventures; and entities affiliated with Sunrise Strategic Partners, LLC.

This stockholders agreement will terminate upon the completion of this offering, except with respect to registration rights, as more fully described in the section titled "Description of Capital Stock—Stockholder Registration Rights." See also the section titled "Principal and Selling Stockholders" for additional information regarding beneficial ownership of our capital stock.

Right of First Refusal

Pursuant to our bylaws and the stockholders agreement described above, we, our assignees and certain holders of our capital stock (including entities that hold more than 5% of our capital stock and entities that are affiliated with certain of our directors) have a right to purchase shares of our capital stock that our stockholders propose to sell to other parties, subject to certain exceptions. These rights will terminate immediately prior to completion of this offering. Since January 1, 2017, we have waived our right of first refusal in connection with certain sales of shares of our capital stock, including the June 2017 sales by Matthew O'Hayer and Jason Jones, as described above. See the section titled "Principal and Selling Stockholders" for additional information regarding beneficial ownership of our capital stock.

Liquidity Commitment Agreements

In connection with certain of our sales of capital stock, Matthew O'Hayer entered into agreements with us and certain of our stockholders, including certain beneficial owners of more than 5% of our capital stock and entities affiliated with certain of our directors, to use his commercially reasonable best efforts to cause us to list our common stock on a securities exchange or enter into one or more liquidity transactions. Upon the completion of this offering, these agreements will be satisfied in full.

Equity Grants to Directors and Executive Officers

We have granted stock options to certain of our directors and executive officers. For more information regarding the stock options and stock awards granted to our directors and named executive officers, see the sections titled "Management—Director Compensation" and "Executive Compensation."

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price per share, up to 5% of the shares of common stock offered by this prospectus for sale to certain individuals, including our directors, employees and certain friends and family of Vital Farms identified by our directors and management. The directed share program will not limit the ability of our directors, officers and their family members, or holders of more than 5% of our common stock, to purchase more than $120,000 in value of our common stock. We do not currently know the extent to which these related persons will participate in our directed share program, if at all, or to the extent they will purchase more than $120,000 in value of our common stock.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect on the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled "Executive Compensation—Limitations on Liability and Indemnification Matters."

Policies and Procedures for Transactions with Related Persons

Prior to the completion of this offering, we intend to adopt a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of July 9, 2020 by:

- each named executive officer;
- each of our directors;
- our directors and executive officers as a group
- each of the selling stockholders; and
- each person or entity known by us to own beneficially more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before this offering is based on 13,976,205 shares of common stock outstanding as of July 9, 2020, assuming the automatic conversion of all outstanding shares of convertible preferred stock into 3,330,440 shares of common stock, which will occur immediately prior to the completion of this offering. Applicable percentage ownership after this offering is based on shares of common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares of common stock from the selling stockholders. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable or would vest based on service-based vesting conditions within 60 days of July 9, 2020. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person. The following table does not reflect any shares of our common stock that may be purchased pursuant to our directed share program described under “Underwriting.”

Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Vital Farms, Inc., 3601 South Congress Avenue, Suite C100, Austin, Texas 78704.

	Beneficial Ownership Before this Offering			Beneficial Ownership After this Offering	
Name of Beneficial Owner	Shares	%	Number of Shares Being Offered	Shares	%
5% Stockholders:					
Jason Jones(1)	1,805,858	12.7			
Bowie Strategic Investments, Inc.(2)	1,373,680	9.8			
Entities affiliated with Manna Tree Partners(3)	1,144,314	8.2			
Entities affiliated with SJF Ventures(4)	1,142,986	8.2			
Entities affiliated with Sunrise Strategic Partners(5)	1,098,262	7.9			
Arborview Capital Partners LP(6)	917,939	6.6			
Directors and Named Executive Officers:					
Matthew O'Hayer(7)	5,000,150	35.6			
Russell Diez-Canseco(8)	338,148	2.4			
Brent Drever(9)	1,144,314	8.2			
Glenda Flanagan(10)	1,373,680	9.8			
Daniel Jones(11)	10,000	*			
Kelly Kennedy(12)	5,026	*			
Karl Khoury(13)	917,939	6.6			
Scott Marcus(14)	44,606	*			
Denny Marie Post(15)	5,026	*			
Gisel Ruiz(16)	2,322	*			
All current directors and executive officers as a group (10 persons) (17)	8,995,622	61.7			

* Represents beneficial ownership of less than 1%.

(1) Includes (a) 135,594 shares held by The Jones Management Trust, formed 8/31/2018, of which Mr. Jones is trustee, (b) 310,350 shares held by The MIPOTH-C Trust, formed 8/31/2018, of which Mr. Jones is trustee, (c) 310,350 shares held by The MIPOTH-J Trust, formed 7/25/2018, of which Mr. Jones is trustee, (d) 799,564 shares held by The NANAPA Trust, formed 7/25/2018, of which Mr. Jones is trustee, and (e) 250,000 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020. In connection with a loan we made to Mr. Jones pursuant to a non-recourse promissory note, Mr. Jones pledged and assigned to us a security interest in 135,594 of such shares, as further described under "Certain Relationships and Related Party Transactions—Director Loans." Excludes 50,000 shares that each of The MIPOTH-C Trust and The MIPOTH-J Trust may acquire from Matthew O'Hayer at any time on or prior to September 1, 2023 upon exercise of call options pursuant to agreements among Mr. O'Hayer, Mr. Jones and such trusts.

(2) Bowie Strategic Investments, Inc. ("Bowie") is a wholly owned subsidiary of Whole Foods Market, Inc. ("WFM"). Amazon.com, Inc. is the ultimate parent company of WFM. John Mackey, Keith Manbeck, Jason Buechel, A.C. Gallo, Sonya Gafsi Oblisk, Glenda Flanagan, James Sud, Christina Minardi and Rob Twyman comprise the investment committee of Bowie and, as a result, may be deemed to share voting and investment power with respect to the shares held by Bowie. The address of Bowie Strategic Investments, Inc. is 550 Bowie Street, Austin, Texas 78703.

(3) The shares are held by MTP C001 Holdings, LLC ("MTP LLC"). Manna Tree Partner Fund I GP, L.P. ("MTP I") is the manager of MTP LLC. Manna Tree Partners GP, LLC ("MTP GP") is the general partner of MTP I. Gabrielle Rubenstein, Ross Iverson and Brent Drever (collectively, the "Investment Committee") comprise the investment committee of MTP GP and, as a result, may be deemed to share voting and investment power with respect to the shares held by MTP LLC. The address of each of these entities is 2121 North Frontage Road West, Suite 207, Vail, Colorado 81657.

(4) Includes (a) 995,424 shares held by SJF Ventures III, L.P. ("SJF III") and (b) 147,562 shares held by SJF Ventures IIIA, L.P. ("SJF IIIA" and with SJF III, the "SJF Entities"). SJF GP III, LLC ("SJF GP") is the general partner of SJF III and SJF GP IIIA, LLC ("SJF GPA") is the general partner of SJF IIIA. Richard Defieux, David Griest, Arrun Kapoor, Alan Kelley, David Kirkpatrick and Cody Nystrom (collectively, the "Managing Directors") are the managing members of each of SJF GP and SJF GPA and, as a result, may be deemed to share voting and investment power with respect to the shares held by each of the SJF Entities. The address of each of these entities is 200 North Mangum Street, Suite 203, Durham, North Carolina 27701.

(5) The shares are held by SSP Vital Farms Holdings, LLC. Sunrise Strategic Partners LLC ("Sunrise") is the managing member of SSP. Danny James, Jamie Manges, Grant Palmer and Steve Hughes comprise the board of Sunrise and, as a result, may be deemed to

collectively exercise voting and investment power with respect to the shares held by SSP. The address of each of these entities is 1426 Pearl Street, Suite 206, Boulder, Colorado 80302.

(6) Arborview Capital GP LLC ("ACGP") is the general partner of Arborview Capital Partners LP ("ACP"). Joseph Lipscomb and Karl Khoury are the managing members and the members of the investment committee of ACGP and, as a result, may be deemed to share voting and investment power with respect to the shares held by ACP. The address of ACP is 5425 Wisconsin Avenue, Suite 704, Chevy Chase, Maryland 20815.

(7) Includes 53,971 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020. Includes 125,000 shares that are transferable upon exercise of call options held by The MIPOTH-C Trust in respect of 50,000 shares, The MIPOTH-J Trust in respect of 50,000 shares and Russell Diez-Canseco in respect of 25,000 shares.

(8) Includes 338,148 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020. Excludes 25,000 shares that Mr. Diez-Canseco may acquire from Matthew O'Hayer upon exercise of a call option pursuant to an agreement between Mr. O'Hayer and Mr. Diez-Canseco, which is immediately exercisable or will be immediately exercisable with respect to 20,000 of such shares within 60 days of July 9, 2020.

(9) Consists of the shares described in footnote (3).

(10) Consists of the shares described in footnote (2).

(11) Includes 10,000 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020.

(12) Includes 5,026 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020.

(13) Consists of the shares described in footnote (6).

(14) Includes 44,606 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020.

(15) Includes 5,026 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020.

(16) Includes 2,322 shares underlying options that are immediately exercisable or will be exercisable within 60 days of July 9, 2020.

(17) Includes 613,410 shares underlying outstanding options that are immediately exercisable or will be immediately exercisable within 60 days of July 9, 2020.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect on the completion of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of our common stock and preferred stock reflect changes to our capital structure that will be in effect on the completion of this offering.

On the completion of this offering, our amended and restated certificate of incorporation will provide for one class of common stock and will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Upon the completion of this offering, our authorized capital stock will consist of shares, all with a par value of $0.0001 per share, of which:

- shares will be designated common stock; and
- shares will be designated preferred stock.

As of March 29, 2020, we had shares of common stock outstanding, which assumes the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock.

Our common stock was held by 29 stockholders of record as of March 29, 2020. Our board of directors is authorized, without stockholder approval except as required by the listing standards of Nasdaq, to issue additional shares of our capital stock.

Common Stock

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to amending our amended and restated bylaws, the classified board, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent, exclusive jurisdiction and our public benefit corporation purpose.

Economic Rights

Dividends and Distributions. Subject to preferences that may apply to any outstanding preferred stock, holders of our common stock are entitled to receive ratably any dividends that our board of directors may declare out of funds legally available for that purpose on a non-cumulative basis.

Liquidation Rights. In the event of our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding preferred stock.

No Preemptive or Similar Rights

Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of March 29, 2020, there were 3,330,440 shares of our convertible preferred stock outstanding. Immediately prior to the completion of this offering, each outstanding share of our convertible preferred stock will automatically convert into one share of our common stock.

On the completion of this offering and under our amended and restated certificate of incorporation that will be in effect on the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our common stock, and the likelihood that such holders would receive dividend payments and payments on liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. On the completion of this offering, no shares of preferred stock will be outstanding. We have no present plan to issue any shares of preferred stock.

Options

As of March 29, 2020, 1,998,077 shares of our common stock were issuable on the exercise of outstanding options to purchase shares of our common stock under our 2013 Plan, with a weighted-average exercise price of $8.81 per share.

Registration Rights

Stockholder Registration Rights

We are party to a stockholders agreement that provides that certain holders of our capital stock, including certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors, have certain registration rights, as set forth below. This stockholders agreement was entered into as of July 6, 2020. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire upon the earliest to occur of: (a) the third anniversary of the completion of this offering; (b) the closing of a Deemed Liquidation Event, as defined in our amended and restated certificate of incorporation; or (c) with respect to any particular stockholder, such time as such stockholder holds less than 3% of our then-outstanding common stock and can sell all of its shares under Rule 144 under the Securities Act or another similar exemption during any three-month period, except that such stockholder’s piggyback registration rights will expire on the second anniversary of the completion of this offering.

Demand Registration Rights

The holders of an aggregate of 7,230,499 shares of our common stock as of March 29, 2020 will be entitled to certain demand registration rights. At any time beginning 180 days after the effective date of the registration

statement, of which this prospectus is a part, such holders are entitled to registration rights under the stockholders agreement, on not more than one occasion, provided that the holders of at least 10% of such shares as are then outstanding request that we register all or a portion of their shares. Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least $15 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 13,732,536 shares of our common stock, as well as holders of 384,929 shares of our common stock issuable upon the exercise of outstanding vested and unvested stock options, as of March 29, 2020 were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing such holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, subject to certain exceptions, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 7,230,499 shares of common stock as of March 29, 2020 will be entitled to certain Form S-3 registration rights. If we are eligible to file a registration statement on Form S-3, these holders have the right, upon written request from holders of at least 10% of such shares as are then outstanding, to have such shares registered by us if the anticipated aggregate offering price of such shares, net of underwriting discounts and commissions, is at least $5 million, subject to exceptions set forth in the stockholders agreement.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws will:

- permit our board of directors to issue up to shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in control;
- provide that the authorized number of directors may be changed only by resolution of our board of directors;
- provide that our board of directors will be classified into three classes of directors;
- provide that, subject to the rights of any series of preferred stock to elect directors, directors may only be removed for cause, which removal may be effected, subject to any limitation imposed by law, by the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock entitled to vote generally at an election of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder’s notice;

- provide that special meetings of our stockholders may be called only by the chairman of our board of directors, our chief executive officer or by our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least 66 2/3% of the voting power of all of our then-outstanding common stock entitled to vote generally in the election of directors, voting together as a single class.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Public Benefit Corporation Status

We are a public benefit corporation under Section 362 of the Delaware General Corporation Law. As a result, we may not, without the approval of the holders of 66 2/3% of the voting power of our outstanding stock, amend our certificate of incorporation to delete or amend a provision relating to our public benefit corporation status or our public benefit purpose (or effect a merger or consolidation that would result in the deletion or amendment of such a provision).

Additionally, as a public benefit corporation, our board of directors is required by the Delaware General Corporation Law to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our certificate of incorporation. Under the Delaware General Corporation Law, our stockholders may bring a derivative suit to enforce this requirement only if they own (individually or collectively), at least 2% of our outstanding shares or, upon the completion of this offering, the lesser of such percentage or shares of at least $2 million in market value.

We believe that our public benefit corporation status will make it more difficult for another party to obtain control of us without maintaining our public benefit corporation status and purpose.

Section 203 of the Delaware General Corporation Law

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the Delaware General Corporation Law,

which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

Choice of Forum

Our amended and restated certificate of incorporation to be effective on the completion of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for actions or proceedings brought under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a breach of fiduciary duty; (3) any action asserting a claim against us arising under the Delaware General Corporation Law; (4) any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws; (5) any action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; or (6) any action asserting a claim against us that is governed by the internal affairs doctrine.

In addition, our amended and restated certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Limitations of Liability and Indemnification

See the section titled “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Exchange Listing

Our common stock is currently not listed on any securities exchange. We have applied to have our common stock approved for listing on The Nasdaq Stock Market under the symbol “VITL.”

Transfer Agent and Registrar

On the completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent’s address is 6201 15th Avenue, Brooklyn, New York 11219 and the telephone number is (800) 937-5449.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Based on our shares outstanding as of March 29, 2020, on the completion of this offering, a total of shares of common stock will be outstanding, assuming the automatic conversion of all of our outstanding shares of convertible preferred stock into an aggregate of shares of common stock. Of these shares, all of the common stock sold in this offering by us and the selling stockholders will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act, or Rule 144, or unless these shares are sold to our directors or executive officers pursuant to our directed share program..

The remaining shares of common stock will be, and shares of common stock subject to stock options will be on issuance, "restricted securities," as that term is defined in Rule 144. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, or Rule 701, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Securities Act.

Subject to the lock-up agreements described below and the provisions of Rule 144, Rule 701 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below, subject, in the case of restricted securities, to such shares having been beneficially owned for at least six months. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described below.

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our common stock to be issued under our 2013 Plan, 2020 Plan and ESPP. These registration statements will become effective immediately on filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below, and Rule 144 limitations applicable to affiliates.

Lock-Up Arrangements

We, the selling stockholders, all of our directors, executive officers and the holders of substantially all of our common stock and securities convertible into, exchangeable for or that represent the right to receive our common stock outstanding immediately on the completion of this offering, have agreed, or will agree, with the underwriters that, until 180 days after the date of this prospectus, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC, offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of common stock or such other securities. These agreements are described in the section titled “Underwriting.” Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC may, in their sole discretion, release any of the securities subject to these lock-up agreements in whole or in part at any time.

Following the expiration of the lock-up agreements (including the lock-up agreements in respect of shares that are sold to our directors or executive officers pursuant to our directed share program), and assuming that no parties are released from the lock-up agreements and that there is no extension of the lock-up period, all shares of our common stock that are restricted securities or held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with all of our security holders that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Rule 10b5-1 Plans

Certain of our employees, executive officers and directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements described above.

Registration Rights

Upon the completion of this offering, the holders of up to 13,732,536 shares of our common stock, as well as holders of 384,929 shares of our common stock issuable upon the exercise of outstanding vested and unvested stock options, as of March 29, 2020, will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. See the section titled “Description of Capital Stock—Registration Rights” for additional information.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons for whom our common stock constitutes "qualified small business stock" within the meaning of Section 1202 of the Code;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our common stock being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership

and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and all substantial decisions of which are subject to the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section titled "Dividend Policy," we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption,

the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends generally will be subject to U.S. federal income tax on a net income basis at the regular rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by certain U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, a Non-U.S. Holder's shares of our common stock would not be considered USRPIs if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period. No assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above at all times in the future.

Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a U.S. person and

the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E, W-8ECI or other applicable documentation, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of stock on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

We, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares of common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
Morgan Stanley & Co. LLC	
Credit Suisse Securities (USA) LLC	
Jefferies LLC	
BMO Capital Markets Corp.	
Stifel, Nicolaus & Company, Incorporated	
Total	

The underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from the selling stockholders to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share		
Total		

Paid by the Selling Stockholders

	No Exercise	Full Exercise
Per Share		
Total		

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed with the underwriters that during the period of 180 days after the date of this prospectus, or the lock-up period, without the prior written consent of Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC, we will not (a) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, or file with or confidentially submit to the SEC any registration statement under the Securities Act relating to, any common stock or other securities convertible into, exchangeable for or that represent the right to receive common stock, or publicly disclose the intention to do any of the foregoing, or

(b) enter into any swap or other agreement that transfers any of the economic consequences of ownership of any common stock or such other securities (whether such transaction described in clause (a) or (b) is to be settled by delivery of common stock or such other securities, in cash or otherwise). These restrictions do not apply to: (i) the common stock to be sold to the underwriters in this offering; (ii) the issuance of common stock upon the exercise, vesting or settlement of an option, warrant or restricted stock unit, or the exercise, conversion or exchange of an outstanding security, provided that such award is disclosed in this prospectus; (iii) the grant of options to purchase or the issuance of common stock or such other securities in the ordinary course of business pursuant to an equity incentive plan described in this prospectus; (iv) the filing of a registration statement on Form S-8 relating to certain equity incentive plans; and (v) our entry into agreements providing for the issuance of common stock or such other securities in connection with certain acquisitions, assumed employee benefit plans, joint ventures, commercial relationships or other strategic transactions, and the issuance of securities pursuant to such agreements, *provided* that the aggregate number of shares that may be sold or issued pursuant to this clause (v) shall not exceed 5% of the total number of shares of common stock issued and outstanding immediately following the completion of this offering, and that we shall cause the recipient of any securities sold or issued pursuant to this clause (v) to agree in writing to be bound by the restrictions set forth in the lock-up agreements described below.

Our directors and executive officers, the selling stockholders and the holders of substantially all of our common stock, and securities convertible into, exchangeable for or that represent the right to receive common stock, have entered into lock-up agreements with the underwriters under which they have agreed that during the lock-up period, without the prior written consent of Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC, they will not (a) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any common stock or such other securities, (b) engage in any hedging or other transaction or arrangement which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge, or other disposition or transfer of any of the economic consequences of ownership of any common stock or such other securities (whether such transaction or arrangement is to be settled by delivery of common stock or such other securities, in cash or otherwise), or (c) publicly announce any intention to do any of the foregoing. In addition, such persons and entities have agreed to waive any and all notice requirements and rights with respect to the registration of any of our securities pursuant to any agreement, understanding or otherwise.

The restrictions described in the immediately preceding paragraph do not apply to:

i. the common stock to be sold to the underwriters in this offering;

ii. transfers (A) as a bona fide gift or gifts, (B) by will or intestacy, (C) to an immediate family member, (D) to a trust for the benefit of the holder or the immediate family thereof, or if the holder is a trust, to a trustor, trustee (or co-trustee) or beneficiary of such trust or to the estate of the beneficiary of such trust, or (E) if the holder is a corporation, partnership, limited liability company, trust or other business entity, (1) to another business entity that is an affiliate of such holder, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with such holder or an affiliate thereof, or (2) as part of a distribution, transfer or disposition by such holder to its stockholders, partners, members, beneficiaries or other equity holders; *provided* in each case that (x) such transfer shall not involve a disposition for value, (y) the done, transferee, devisee or distributee shall agree in writing to be bound by the restrictions set forth in the lock-up agreement and (z) no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be required or made during the lock-up period;

iii. transfers of securities acquired in open market transactions after the completion of this offering and, if the holder is not one of our directors or officers, of securities the holder may purchase in this offering, *provided* that no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be required or made during the lock-up period;

iv. transfers to us in connection with the exercise, vesting or settlement of options, warrants or other rights to acquire any common stock or such other securities in accordance with their terms pursuant to an

equity incentive plan, option, warrant or other right described in this prospectus, *provided* that (x) any securities received upon such exercise, vesting or settlement shall be subject to the restrictions set forth in the lock-up agreement and (y) no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be voluntarily made during the lock-up period and, if the holder is required to file a report under Section 16 of the Exchange Act during the lock-up period reporting a reduction in beneficial ownership of common stock, such filing shall clearly indicate in the footnotes thereto the nature and conditions of such transfer;

v. transfers to us (A) pursuant to an agreement described in this prospectus under which we have the option to repurchase such holder's securities upon the termination of service of such holder or (B) pursuant to the right of first refusal with respect to transfers of such holder's securities contained in our bylaws and stockholders' agreement, each as in effect on the date of this prospectus and described in this prospectus, *provided* that (x) in the case of clause (B), the transfer triggering such right of first refusal is otherwise permitted under the lock-up agreement, and (y) in each case that no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be voluntarily made during the lock-up period and, if the holder is required to file a report under Section 16 of the Exchange Act during the lock-up period reporting a reduction in beneficial ownership of common stock, such filing shall clearly indicate in the footnotes thereto the nature and conditions of such transfer;

vi. transfers by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or related court order, *provided* that (x) the transferee shall agree in writing to be bound by the restrictions set forth in the lock-up agreement and (y) no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be voluntarily made during the lock-up period and, if the holder is required to file a report under Section 16 of the Exchange Act during the lock-up period reporting a reduction in beneficial ownership of common stock, such filing shall clearly indicate in the footnotes thereto the nature and conditions of such transfer;

vii. transfers in connection with the conversion of our outstanding preferred stock into common stock, *provided* that (x) any common stock received upon such conversion shall be subject to the restrictions set forth in the lock-up agreement and (y) no Exchange Act or other public filing or announcement reporting a reduction in beneficial ownership of common stock shall be voluntarily made during the lock-up period and, if the holder is required to file a report under Section 16 of the Exchange Act during the lock-up period reporting a reduction in beneficial ownership of common stock, such filing shall clearly indicate in the footnotes thereto the nature and conditions of such transfer; and

viii. transfers pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction or series of related transactions approved by our board of directors, the result of which is that any person or group of persons, other than us or our subsidiaries, becomes the beneficial owner of 50% or more of the total voting power of our voting capital stock (or of the surviving entity), *provided* that if such transaction is not completed, such securities shall remain subject to the restrictions set forth in the lock-up agreement.

The lock-up agreements described above also provide for the establishment of written trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act relating to the transfer of common stock, *provided* that (x) the securities subject to such plans may not be transferred during the lock-up period, (y) if a public announcement or Exchange Act filing is required during the lock-up period, it shall include a statement to the effect that no transfer of the securities subject to such plan may be made under such plan during the lock-up period and (z) no Exchange Act or other public filing or announcement shall be voluntarily made during the lock-up period.

Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC may, in their sole discretion, release any of the securities subject to the lock-up agreements described above in whole or in part at any time.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the representatives and us. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to have our common stock approved for listing on The Nasdaq Stock Market under the symbol “VITL.”

In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of our common stock made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on The Nasdaq Stock Market, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for expenses related to any applicable state securities filings and to the Financial Industry Regulatory Authority, Inc. incurred by them in connection with this offering in an amount up to $ and expenses incurred in connection with the directed share program. The underwriters have agreed to reimburse us for certain of our expenses in connection with the offering.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided,

and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

At our request, the underwriters have reserved for sale, at the initial public offering price per share, up to 5% of the shares of common stock offered by this prospectus to certain individuals, including our directors, employees and certain friends and family of Vital Farms identified by our directors and management, through a directed share program. Any shares purchased in the directed share program will not be subject to a lock-up restriction, except in the case of shares purchased by any director or executive officer. The number of shares of common stock available for sale to the general public will be reduced by the number of reserved shares sold to these individuals. Any reserved shares not purchased by these individuals will be offered by the underwriters to the general public on the same basis as the other shares of common stock offered under this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the reserved shares. The directed share program will be arranged through Morgan Stanley & Co. LLC.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, (each, a “Member State”), no offer of the shares may be made to the public in that Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and us that it is a qualified investor as defined in the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in this offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Member State to qualified investors as defined in the Prospectus Regulation or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression "offer of shares to the public" in relation to any shares in any Member State means the communication in any form and by means of sufficient information on the terms of this offering and the shares to be offered so as to enable an investor to decide to purchase the shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or (ii) are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together, "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity to which this document relates may be made or taken exclusively by relevant persons.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors (as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario)), and are permitted clients (as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations). Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or this offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to this offering, Vital Farms, Inc. or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this

document will not be filed with, and the offer of the shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and this offer of the shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or the DFSA. This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered to which this document relates should conduct their own due diligence on such securities. If you do not understand the contents of this document, you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Center, or the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in the United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the DIFC) other than in compliance with the laws of the United Arab Emirates (and the DIFC) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the DIFC) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the DFSA.

Notice to Prospective Investors in Australia

This document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or the ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors available under section 708 of the Corporations Act, such investors, Exempt Investors.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 of the Corporations Act if none of the exemptions in section 708 of the Corporations Act applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with the ASIC.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, neither the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Hong Kong

The shares have not been will not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of which is an individual who is an accredited investor, securities (as defined in

Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda, which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (the "CMA") pursuant to resolution number 2-11-2004 dated 4 October 2004, as amended by resolution number 1-28-2008, as amended (the "CMA Regulations"). The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

Notice to Prospective Investors in the British Virgin Islands

Shares are not being and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by us or on our behalf. Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (such companies, "BVI Companies"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This prospectus has not been and will not be registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Notice to Prospective Investors in China

This prospectus does not constitute a public offer of shares, whether by sale or subscription, in the People's Republic of China (the "PRC"). The shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares or any beneficial interest therein without obtaining all prior PRC governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this prospectus are required by us and our representatives to observe these restrictions.

Notice to Prospective Investors in Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "FSCMA"), and have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "FETL"). Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including, but not limited to, requirements under the FETL) in connection with the purchase. By the purchase of the shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia (the "Commission") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than: (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3,000,000 (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding 12 months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies) per annum in the preceding 12 months; (vii) a corporation with total net assets exceeding RM10,000,000 (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10,000,000 (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Notice to Prospective Investors in Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- the offer, transfer, sale, renunciation or delivery is to:
  - (a) persons whose ordinary business is to deal in securities, as principal or agent;
  - (b) the South African Public Investment Corporation;
  - (c) persons or entities regulated by the Reserve Bank of South Africa;
  - (d) authorized financial service providers under South African law;
  - (e) financial institutions recognized as such under South African law;
  - (f) a wholly owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case, duly registered as such under South African law); or
  - (g) any combination of the persons in (a) to (f); or
- the total contemplated acquisition cost of the securities for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No “offer to the public” (as defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the “South African Companies Act”)) in South Africa is being made in connection with the issue of the shares. Accordingly, this document does not, nor is it intended to, constitute a “registered prospectus” (as defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by and/or filed with the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares in South Africa constitutes an offer of the shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons, “SA Relevant Persons”). Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Cooley LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

EXPERTS

The consolidated financial statements of Vital Farms, Inc. and subsidiaries as of December 29, 2019 and December 30, 2018 and for each of the years in the three-year period ended December 29, 2019, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

CHANGES IN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

In 2019, we decided to engage new auditors as our independent accountants to audit our financial statements. Our board of directors approved the change of accountants to KPMG LLP. Accordingly, we dismissed RSM US LLP on August 19, 2019.

The independent auditor's report on our consolidated financial statements prepared by RSM US LLP under auditing standards generally accepted in the United States of America for the 2018 and 2017 fiscal years did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles. There were (i) no disagreements with RSM US LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of RSM US LLP, would have caused RSM US LLP to make reference to the subject matter of the disagreements in connection with its reports and (ii) no reportable events of the type listed in paragraphs (A) through (D) of Item 304(a)(1)(v) of Regulation S-K issued by the SEC, in connection with the audit of our financial statements for the 2018 and 2017 fiscal years and the subsequent period through the replacement of RSM US LLP with KPMG LLP.

Neither we nor anyone acting on our behalf consulted with KPMG LLP at any time prior to their retention by us as our independent registered public accounting firm regarding any of the matters described in Item 304(a)(2)(i) or Item 304(a)(2)(ii) of Regulation S-K.

We have provided RSM US LLP with a copy of the disclosures set forth under the heading "Changes in Independent Registered Public Accounting Firm" included in this prospectus and have requested that RSM US LLP furnish a letter addressed to the SEC stating whether or not RSM US LLP agrees with statements related to them made by us under the heading "Changes in Independent Registered Public Accounting Firm" in this prospectus. A copy of that letter is filed as Exhibit 16.1 to the registration statement of which this prospectus forms a part.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement,

including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available at www.sec.gov.

We also maintain a website at www.vitalfarms.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Vital Farms, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Vital Farms, Inc. and subsidiaries (the Company) as of December 29, 2019 and December 30, 2018, the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' equity, and cash flows for each of the years in the three-year period ended December 29, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2019 and December 30, 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 29, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2019.

Austin, Texas
March 26, 2020

VITAL FARMS, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	December 30, 2018	December 29, 2019	Pro Forma December 29, 2019 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 11,815	$ 1,274	$
Accounts receivable, net	10,236	16,108	
Inventories	3,866	12,947	
Income taxes receivable	51	1,615	
Prepaid expenses and other current assets	1,123	2,706	
Total current assets	27,091	34,650	
Property, plant and equipment, net	18,660	22,458	
Notes receivable from related party	—	831	
Goodwill	3,858	3,858	
Deposits and other assets	246	151	
Total assets	$ 49,855	$ 61,948	$
Liabilities, Redeemable Noncontrolling Interest, Redeemable Convertible Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable	$ 9,357	$ 13,510	$
Accrued liabilities	5,845	8,608	
Long-term debt, current	671	2,160	
Lease obligation, current	539	449	
Contingent consideration, current	390	270	
Total current liabilities	16,802	24,997	
Long-term debt, net of current portion	3,136	2,896	
Lease obligations, net of current portion	1,135	797	
Contingent consideration, non-current	601	382	
Deferred tax liabilities, net	703	755	
Other liability, non-current	—	272	
Total liabilities	22,377	30,099	
Commitments and contingencies (Note 18)			
Redeemable noncontrolling interest	175	175	
Redeemable convertible preferred stock (Series B, Series C and Series D), $0.0001 par value; 3,330,440 shares authorized, issued, and outstanding as of December 30, 2018 and December 29, 2019, respectively; shares issued or outstanding as of December 29, 2019 (unaudited) pro forma; aggregate liquidation preference of $40,436 as of December 30, 2018 and December 29, 2019, respectively;	23,036	23,036	
Stockholders' equity:			
Common stock, $0.0001 par value per share, 15,257,542 and 16,401,856 shares authorized, as of December 30, 2018 and December 29, 2019, respectively; 11,569,910 and 12,776,384 shares issued, as of December 30, 2018 and December 29, 2019, respectively; and 10,495,869 and 10,542,680 shares outstanding as of December 30, 2018 and December 29, 2019, respectively; shares issued and outstanding as of December 29, 2019 (unaudited) pro forma	—	—	
Treasury stock, at cost, 1,074,041 and 2,233,704 common shares as of December 30, 2018 and December 29, 2019, respectively	(1,987)	(16,276)	
Additional paid-in capital	4,248	19,596	
Retained earnings	2,854	5,239	
Total stockholders' equity attributable to Vital Farms, Inc. common stockholders	5,115	8,559	
Noncontrolling interests	(848)	79	
Total stockholders' equity	$ 4,267	$ 8,638	$
Total liabilities, redeemable noncontrolling interest, redeemable convertible preferred stock and stockholders' equity	$ 49,855	$ 61,948	$

See accompanying notes to the consolidated financial statements.

VITAL FARMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share amounts)

	Year Ended December 31, 2017	December 30, 2018	December 29, 2019
Net revenue	$ 74,000	$ 106,713	$ 140,733
Cost of goods sold	55,612	71,894	97,856
Gross profit	18,388	34,819	42,877
Operating expenses:			
Selling, general and administrative	14,261	19,437	29,526
Shipping and distribution	5,724	8,615	10,001
Total operating expenses	19,985	28,052	39,527
(Loss) income from operations	(1,597)	6,767	3,350
Other (expense) income, net:			
Interest expense	(524)	(424)	(349)
Other income	9	9	1,417
Total other (expense) income, net	(515)	(415)	1,068
Net (loss) income before income taxes	(2,112)	6,352	4,418
Provision for income taxes	33	723	1,106
Net (loss) income	(2,145)	5,629	3,312
Less: Net (loss) income attributable to noncontrolling interests	(225)	(168)	927
Net (loss) income attributable to Vital Farms, Inc. common stockholders	$ (1,920)	$ 5,797	$ 2,385
Net (loss) income per share attributable to Vital Farms, Inc. common stockholders:			
Basic	$ (0.18)	$ 0.55	$ 0.23
Diluted	$ (0.18)	$ 0.40	$ 0.16
Weighted average common shares outstanding:			
Basic	10,486,127	10,491,737	10,527,332
Diluted	10,486,127	14,332,767	14,663,030
Pro forma net income per share attributable to Vital Farms, Inc. common stockholders (unaudited):			
Basic			$
Diluted			$
Pro forma weighted average common shares outstanding (unaudited):			
Basic			
Diluted			

See accompanying notes to the consolidated financial statements.

VITAL FARMS, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Amounts in thousands)

	Redeemable Convertible Preferred Stock		Redeemable Noncontrolling Interest	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity Attributable to Vital Farms, Inc. Common Stockholders	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount		Shares	Amount	Shares	Amount					
Balances at December 31, 2016	2,110,768	$ 12,016	$ —	11,554,810	$ —	(1,074,041)	$ (1,987)	$ 3,082	$ (1,023)	72	(455)	(383)
Issuance of Series D redeemable convertible preferred stock, net of issuance costs $85	1,219,672	11,020	—	—	—	—	—	—	—	—	—	—
Issuance of redeemable noncontrolling interest	—	—	150	—	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	10,000	—	—	—	31	—	31	—	31
Stock-based compensation expense	—	—	—	—	—	—	—	495	—	495	—	495
Net loss attributable to noncontrolling interests - stockholders	—	—	—	—	—	—	—	—	—	—	(225)	(225)
Net loss attributable to Vital Farms, Inc.	—	—	—	—	—	—	—	—	(1,920)	(1,920)	—	(1,920)
Balances at December 31, 2017	3,330,440	$ 23,036	$ 150	11,564,810	$ —	(1,074,041)	$ (1,987)	$ 3,608	$ (2,943)	$ (1,322)	$ (680)	$ (2,002)
Issuance of redeemable noncontrolling interest	—	—	25	—	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	5,100	—	—	—	40	—	40	—	40
Stock-based compensation expense	—	—	—	—	—	—	—	600	—	600	—	600
Net loss attributable to noncontrolling interests - stockholders	—	—	—	—	—	—	—	—	—	—	(168)	(168)
Net income attributable to Vital Farms, Inc.	—	—	—	—	—	—	—	—	5,797	5,797	—	5,797
Balances at December 30, 2018	3,330,440	$ 23,036	$ 175	11,569,910	$ —	(1,074,041)	$ (1,987)	$ 4,248	$ 2,854	$ 5,115	$ (848)	$ 4,267
Issuance of common stock, net of issuance costs $903	—	—	—	1,144,314	—	—	—	14,097	—	14,097	—	14,097
Repurchase of common stock	—	—	—	—	—	(1,159,663)	(14,289)	—	—	(14,289)	—	(14,289)
Exercise of stock options	—	—	—	62,160	—	—	—	222	—	222	—	222
Stock-based compensation expense	—	—	—	—	—	—	—	1,029	—	1,029	—	1,029
Net income attributable to noncontrolling interests - stockholders	—	—	—	—	—	—	—	—	—	—	927	927
Net income attributable to Vital Farms, Inc.	—	—	—	—	—	—	—	—	2,385	2,385	—	2,385
Balances at December 29, 2019	3,330,440	$ 23,036	$ 175	12,776,384	$ —	(2,233,704)	$(16,276)	$ 19,596	$ 5,239	$ 8,559	$ 79	$ 8,638

See accompanying notes to the consolidated financial statements.

VITAL FARMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31, 2017	December 30, 2018	December 29, 2019
Cash flows (used in) provided by operating activities:			
Net (loss) income	$ (2,145)	$ 5,629	$ 3,312
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	821	1,437	1,921
Amortization of debt issuance costs	40	71	9
Bad debt expense	23	—	304
Inventory provisions	503	200	189
Change in fair value of contingent consideration	118	92	70
Stock-based compensation	495	600	1,029
Deferred taxes	—	703	52
Changes in operating assets and liabilities:			
Accounts receivable	(719)	(3,578)	(6,182)
Inventories	(216)	(1,042)	(9,270)
Income taxes receivable	—	—	(1,563)
Prepaid expenses and other current assets	(412)	(520)	(582)
Deposits and other assets	(124)	(63)	93
Accounts payable	(315)	4,946	3,192
Accrued and other liabilities	(2,559)	2,949	2,074
Net cash (used in) provided by operating activities	$ (4,490)	$ 11,424	$ (5,352)
Cash flows used in investing activities:			
Purchases of property, plant and equipment	(11,704)	(1,940)	(4,799)
Proceeds from the sale of property, plant and equipment	9	29	7
Notes receivable provided to related parties	—	—	(4,031)
Repayment of notes receivable	—	—	3,200
Net cash used in investing activities	$ (11,695)	$ (1,911)	$ (5,623)
Cash flows provided by (used in) financing activities:			
Proceeds from the issuance of Series D redeemable preferred stock	11,105	—	—
Proceeds from issuance of redeemable noncontrolling interest	150	25	—
Proceeds from borrowings under revolving line of credit	8,700	—	1,325
Proceeds from borrowings under the equipment loan	—	—	587
Proceeds from issuance of common stock	—	—	15,000
Repayment of long-term debt	(4,890)	(671)	(671)
Repurchase of common stock	—	—	(14,289)
Payment of contingent consideration	(371)	(494)	(409)
Payment of debt issuance costs	(219)	—	—
Payment of issuance costs of redeemable convertible preferred stock	(85)	—	—
Payment of issuance costs of common stock	—	—	(903)
Principal payments under lease obligation	(132)	(409)	(428)
Proceeds from exercise of stock options	31	40	222
Net cash provided by (used in) financing activities	$ 14,289	$ (1,509)	$ 434
Net (decrease) increase in cash and cash equivalents	$ (1,896)	$ 8,004	$ (10,541)
Cash and cash equivalents at beginning of the year	5,707	3,811	11,815
Cash and cash equivalents at end of the year	$ 3,811	$ 11,815	$ 1,274
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 484	$ 356	$ 340
Cash paid for income taxes	$ 33	$ 20	$ 2,256
Supplemental disclosure of non-cash investing and financing activities:			
Purchases of property, plant and equipment included in accounts payable and accrued liabilities	$ —	$ 199	$ 928
Property, plant and equipment purchased with lease obligations	$ 2,210	$ —	$ —
Deferred offering costs in accounts payable	$ —	$ —	$ 1,001

See accompanying notes to the consolidated financial statements.

VITAL FARMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)

1. Nature of the Business and Basis of Presentation

Vital Farms, Inc. ("Vital Farms") was incorporated in Delaware on June 6, 2013 and is headquartered in Austin, Texas. Vital Farms packages, markets and distributes pasture-raised shell eggs, pasture-raised butter and other products. These products are sold under the trade names Vital Farms, Alfresco Farms, Lucky Ladies and RedHill Farms, primarily to retail foodservice channels in the United States.

Vital Farms Arkansas, LLC, Vital Farms Missouri, LLC, Backyard Eggs, LLC, Barn Door Farms, LLC and Sagebrush Foodservice, LLC are all wholly owned subsidiaries of Vital Farms (collectively referred to with Vital Farms as the "Company"). All significant intercompany transactions and balances have been eliminated in the Vital Farms consolidated financial statements.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Vital Farms, its subsidiaries and a variable interest entity ("VIE") in which Vital Farms has an interest and is the primary beneficiary. See Note 3, "Variable Interest Entity." The noncontrolling interest attributable to the Company's VIE is presented as a separate component from stockholders' equity in the consolidated balance sheets.

Change in Fiscal Year: In January 2018, the Company elected to change from a calendar year ending on December 31 to a 52-53-week fiscal year, ending on the last Sunday in December, effective beginning with the first quarter of 2018. In a 52-53-week fiscal year, each of the Company's fiscal quarters consist of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. The Company's first 53-week fiscal year will be fiscal 2023, which the Company expects to begin on December 26, 2022 and end on December 31, 2023.

Liquidity and Going Concern: In accordance with Accounting Standards Update ("ASU") No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Through December 29, 2019, the Company has funded its operations primarily with cash flows from product sales, proceeds from the sale of its capital stock and proceeds from borrowings under its existing Credit Facility (as defined in Note 10, "Long-Term Debt"). The Company recognized net (loss) income of $(2,145), $5,629 and $3,312 for the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively. In addition, the Company had retained earnings of $5,239 as of December 29, 2019. As of March 26, 2020, the issuance date of the consolidated financial statements, the Company expects that its cash and cash equivalents of $1,274 as of December 29, 2019, together with cash provided by operating activities, will be sufficient to fund its operating expenses and capital expenditure requirements for at least 12 months from the issuance date of the consolidated financial statements.

2. Summary of Significant Accounting Policies

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates principally include revenue recognition, determination of useful lives for property and equipment, goodwill, contingent consideration, allowance for doubtful accounts,

(Amounts in thousands, except share and per share amounts)

inventory obsolescence, valuation of common stock, stock option valuations, redeemable noncontrolling interest, accrual liabilities and income taxes. Actual results could differ from those estimates.

Unaudited Pro Forma Information: The unaudited pro forma balance sheet data as of December 29, 2019 assumes the automatic conversion of all outstanding shares of the Company's Series B, Series C and Series D convertible preferred stock (collectively, "Preferred Stock") into shares of the Company's common stock immediately upon the closing of the Company's planned initial public offering ("IPO"). The shares of the Company's common stock expected to be issued, and the related net proceeds expected to be received, in connection with the planned IPO are excluded from such pro forma information.

The unaudited pro forma basic and diluted net income per share for the year ended December 29, 2019 assumes the automatic conversion of all outstanding shares of Preferred Stock into shares of the Company's common stock immediately upon the closing of the Company's planned IPO, as though the conversion had occurred as of the beginning of the period. The shares of the Company's common stock expected to be issued, and the related net proceeds expected to be received, in connection with the planned IPO are excluded from such pro forma information.

Concentrations of Credit Risk and Significant Customers: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains deposits with large financial institutions that the Company believes are of high credit quality. At times the Company's cash and cash equivalents balances with individual banking institutions are in excess of federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents balances.

As of December 30, 2018 and December 29, 2019, the Company had customers that individually represented 10% or more of the Company's accounts receivable, net and customers that individually exceeded 10% or more of the Company's net revenue for the years ended December 31, 2017, December 30, 2018 and December 29, 2019. The percentage of net revenue from these significant customers during the years ended December 31, 2017, December 30, 2018 and December 29, 2019, and accounts receivable, net due from these significant customers as of December 30, 2018 and December 29, 2019, are as follows:

	Net Revenue Year Ended December 31, 2017	Net Revenue Year Ended December 30, 2018	Net Revenue Year Ended December 29, 2019	Accounts Receivable, Net As Of December 30, 2018	Accounts Receivable, Net As Of December 29, 2019
Customer A	36%	36%	35%	10%	25%
Customer B	15%	14%	14%	29%	21%
Customer C	*	10%	11%	*	*

* Net revenue and/or accounts receivable was less than 10%.

The Company performs ongoing credit evaluations of its customers' financial condition but does not require collateral to support customer receivables.

Cash and Cash Equivalents: The Company considers all short-term, highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash deposits are all in financial institutions in the United States. As of December 29, 2019, cash and cash equivalents consisted of cash on deposit with balances denominated in U.S. dollars and investments in money market funds.

VITAL FARMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Deferred Offering Costs: The Company capitalizes certain legal, accounting and other third-party fees that are directly related to the Company's in-process equity financings, including the planned IPO, until such financings are consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds received as a result of the financing. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are immediately written off to operating expenses. There were no deferred offering costs capitalized as of December 30, 2018. As of December 29, 2019, the Company recorded deferred offering costs of $1,001 in the accompanying consolidated balance sheets.

Variable Interest Entity: The Company consolidates all entities where a controlling financial interest exists. The Company has considered its relationships with a certain entity to determine whether the Company has a variable interest in that entity, and if so, whether the Company is the primary beneficiary of the relationship. GAAP requires VIEs to be consolidated if an entity's interest in the VIE is a controlling financial interest. Under the variable model, a controlling financial interest is determined based on which entity, if any, has (i) the power to direct the activities of the VIE that most significantly impacts the VIE's economic performance and (ii) the obligations to absorb losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. The consolidation status of a VIE may change as a result of such reassessments. Changes in consolidation status are applied prospectively in accordance with GAAP.

Segment Information: The Company operates and manages its business as one reportable and operating segment. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for purposes of evaluating financial performance and allocating resources. All of the Company's long-lived assets and customers are located in the United States.

Fair Value of Financial Instruments: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are defined below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying amounts of the Company's long-term debt approximate the fair value based on consideration of current borrowing rates available to the Company (Level 2 input). The carrying values of accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair values due to the short-term nature of these assets and liabilities.

Accounts Receivable: Accounts receivable are stated at invoice value less estimated allowances for doubtful accounts. The Company establishes an allowance for doubtful accounts as losses are estimated to have occurred

through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the receivable is no longer collectible. These losses have been immaterial to date. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on the credit risk of specific customers, past collection history, and management's evaluation of accounts receivable. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The Company did not record an allowance for doubtful accounts at December 30, 2018. As of December 29, 2019, the Company recorded an allowance for doubtful accounts of $304 in the accompanying consolidated balance sheets.

Inventories: Inventories are stated at the lower of cost (determined under the first-in, first-out method) or net realizable value. Inventory includes eggs, butter, packaging, feed, laying hens, pullets, merchandise and equipment parts. A reduction in the carrying value of an inventory item from cost to net realizable value is recorded in cost of goods sold with the offset to inventory. Any inventory that does not meet the quality control standards of the Company is separated and a reserve is recorded for the cost.

The cost associated with laying hens and pullets are accumulated up to the production stage which involves a growing period of approximately 24 weeks, and are amortized to cost of goods sold over their productive lives, which are generally 54 weeks.

Property, Plant and Equipment, Net: Property, plant and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives. The general range of useful lives of other property, plant and equipment is as follows:

	Estimated Useful Life
Land	N/A
Building and improvements	39 years
Vehicles	5 years
Machinery and equipment	2 to 7 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of lease term or 5 years

When assets are sold or retired, the cost and related accumulated depreciation or amortization of assets disposed of are removed from the accounts, with any resulting gain or loss recorded in income from operations in the consolidated statements of operations. Costs of repairs and maintenance are expensed as incurred.

Goodwill: Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually on the first day of the fourth fiscal quarter or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company's goodwill impairment test is performed at the enterprise level given the sole reporting unit.

The Company first assesses qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude that it is more likely than not that the fair value of the reporting unit is below its carrying amount. If the Company determines that it is more likely than not that the fair value of the reporting unit is below the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value of the reporting unit is determined and compared to the carrying value. If the fair value is greater than the carrying value, then the carrying value is deemed to be recoverable and no further action is required. If the fair value estimate is less than the carrying value, goodwill is considered impaired for the amount by which the

carrying amount exceeds the reporting unit's fair value and a charge is reported as impairment of goodwill in the consolidated statements of operations.

To date, the Company has not recorded any impairment charges associated with its goodwill.

Impairment of Long-Lived Assets: The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. The Company did not recognize an impairment loss during the years ended December 31, 2017, December 30, 2018 and December 29, 2019.

Contingent Consideration: In connection with the Company's acquisition of certain assets of Heartland Eggs, LLC in 2014, the Company was required to make royalty payments to prior owners of certain assets of Heartland Eggs. The royalty payments are contingent on the Company's future purchase of eggs from supplier contracts that were acquired in the certain assets of Heartland Eggs acquisition. The royalty payments are deemed to be contingent because the future egg purchases are not guaranteed, and the timing and amount of any such purchases are unknown. The fair value of the contingent consideration was determined at the acquisition date using unobservable inputs (Level 3 inputs). These inputs included projected financial information, market volatility, risk-adjusted discount rates and timing of contractual payments. Subsequent to the acquisition date, at each reporting date, the contingent consideration liability is remeasured to fair value with changes in fair value recorded within selling, general and administrative expenses in the Company's consolidated statements of operations.

Noncontrolling Interest: The Company recognizes noncontrolling interest related to VIE's, in which the Company is the primary beneficiary, as equity in the consolidated financial statements separate from the parent entity's equity. The amount of net loss attributable to noncontrolling interests are included in consolidated net income on the face of the consolidated statements of operations. Changes in the parent entity's ownership interest in a subsidiary that do not result in deconsolidation are treated as equity transactions if the parent entity retains its controlling financial interest. In addition, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss. Affiliate equity interests where the Company has certain rights to demand settlement are presented at their current redemption values, as redeemable noncontrolling interest in the consolidated balance sheet. Because these transactions take place between entities under common control, any gains or losses attributable to these transactions are required to be included within additional paid-in-capital on the consolidated balance sheets.

Income Taxes: Income taxes are computed using the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements. In estimating future tax consequences, the Company considers all expected future events other than enactment of changes in tax laws or rates. A valuation allowance is recorded, if necessary, to reduce net deferred tax assets to their realizable values if management does not believe it is more likely than not that the net deferred tax assets will be realized.

The Company follows the provisions of the authoritative guidance from the Financial Accounting Standards Board ("FASB") on accounting for uncertainty in income taxes. These provisions provide a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions

VITAL FARMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)

that a company has taken or expects to take on a tax return. Under these provisions, a company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. Assessing an uncertain tax position begins with the initial determination of the sustainability of the position and is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed. Additionally, the Company must accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

The Company's policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 30, 2018 and December 29, 2019, the Company had no accrued interest or penalties related to uncertain tax positions.

Net (Loss) Income per Share Attributable to Vital Farms, Inc. Common Stockholders: The Company applies the two-class method to compute basic and diluted net (loss) income per share attributable to Vital Farms, Inc. common stockholders when shares meet the definition of participating securities. The two-class method determines net (loss) income per share for each class of the Company's common stock and Preferred Stock according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires (loss) income available to common stockholders of Vital Farms, Inc. for the period to be allocated between the Company's common stock and Preferred Stock based upon their respective rights to share in the earnings as if all (loss) income for the period had been distributed. During periods of loss, there is no allocation required under the two-class method since the Preferred Stock does not have a contractual obligation to share in the Company's losses.

Basic net (loss) income per share attributable to Vital Farms, Inc. stockholders is computed by dividing net (loss) income by the weighted-average number of shares outstanding during the period without consideration of potentially dilutive common stock. Diluted net (loss) income per share reflects the potential dilution that could occur if securities or other contracts to issue shares of the Company's common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company unless inclusion of such shares would be anti-dilutive. For periods in which the Company reports net losses, diluted net loss per common share attributable to Vital Farms, Inc. common stockholders is the same as basic net loss, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Revenue Recognition: The Company generates revenue primarily through sales of products, including pasture-raised eggs and butter, to its customers, which include natural channel retailers, mainstream channel retailers and foodservice partners. The Company sells its products to customers on a purchase-order basis.

Revenue for the years ended December 31, 2017 and December 30, 2018 is presented under Topic 605.

The Company recognizes revenue under ASC Topic 605, *Revenue Recognition* (Topic 605), when all the following criteria are met: (i) upon the transfer of title of the product, ownership and risk of loss to the customer, which typically occurs upon delivery and acceptance of the product by customers; (ii) collection of the relevant receivable is reasonably assured; (iii) persuasive evidence of an arrangement exists; and (iv) the sales price is fixed or determinable. The Company periodically offers sales incentives to its customers to encourage purchases. These sales incentives include discounts, in-store promotions, volume rebates and other similar offers. Provision for sales incentives is recorded at the later of the date at which the related revenue is recognized or the sales incentive is offered. At the end of each accounting period, the Company recognizes a liability for an estimated promotional allowance reserve. Chargebacks and discount offers, when accepted by customers, are treated as a

reduction of the sales price of the related transaction. Current discount and inducement offers are presented as a net amount in net revenue. For the years ended December 31, 2017 and December 30, 2018, the Company recorded chargebacks of $1,288 and $1,388 and discounts of $8,445 and $14,384, respectively.

Adoption of ASC 606

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606), which was subsequently updated. The Company adopted the standard as of December 31, 2018, using the modified retrospective method. Under this method, entities recognize the cumulative effect of applying the new standard at the date of initial application with no restatement of comparative periods presented. The Company's assessment efforts included an evaluation of revenue contracts with customers, related sales incentives and contract costs that were not complete as of December 31, 2018. Adoption of Topic 606 did not have a material impact on the Company's results of operations or financial position; therefore, there was no adjustment to previously reported results. The Company does not expect the adoption of Topic 606 will have a material impact in future periods.

Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the Company performs the following five steps:

(i) Identify the contract(s) with a customer.

The Company considers the terms and conditions of the Company's contracts and the Company's standard business practices to identify contracts under Topic 606. The Company considers that it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the products to be transferred, the Company can identify the payment terms for the products to be transferred, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's credit worthiness, historical payment experience or, in the case of a new customer, credit and financial information pertaining to the new customer.

(ii) Identify the performance obligations in the contract.

Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are capable of being distinct, whereby the customer can benefit from the product or services either on their own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised products or services, the Company applies judgment to determine whether promised products or services are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised products or services are accounted for as a combined performance obligation. Shipping and distribution activities occur prior to the transfer of control of a good and are considered activities to fulfill the Company's promise to deliver goods to the customers. Shipping and distribution activities are not a promised service, and therefore, are not a separate performance obligation.

(iii) Determine the transaction price.

The Company defines the transaction price as the amount of consideration in a contract to which it expects to be entitled in exchange for transferring promised goods or services to a customer; amounts collected on behalf of

third parties are excluded. Variable consideration is included in the transaction price, if, in the Company's judgment, it is probable that no significant future reversal of cumulative revenue under the contract will occur. The Company determines the amount of variable consideration by using the expected value method or the most likely amount method. In addition, the Company accounts for consideration payable to customers such as sales incentives and slotting fees as a reduction in the transaction price. For the year ended December 29, 2019, the Company recorded chargebacks of $1,874 and discounts of $16,573, respectively.

(iv) Allocate the transaction price to the performance obligations in the contract.

The Company has no significant arrangements with multiple performance obligations. For contracts that contain a single performance obligation, the Company allocates the entire transaction price to the single performance obligation.

(v) Recognize revenue as the entity satisfies a performance obligation.

Revenue is recognized when control of the product is transferred to the customer and the related performance obligation is satisfied, which typically occurs upon delivery of the product to the customer, for an amount that reflects the net consideration the Company expects to receive in exchange for delivering the product.

Contract Costs

The Company sometimes incurs costs to obtain or fulfill a contract with a customer. The Company has applied the practical expedient in ASC 340-40-25-4 and records as an expense the incremental costs of obtaining contracts with customers in the period of occurrence when the amortization period of these costs is less than one year. For the year ending December 29, 2019, all contract costs assessed upon the adoption of Topic 606 had an amortization period of less than one year.

Treasury Stock: The Company records treasury stock activities under the cost method whereby the cost of the acquired stock is recorded as treasury stock. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value from the Company's common stock and to reflect any excess of cost over par value as a reduction to additional paid-in capital (to the extent created by previous issuances of the shares).

Shipping and Distribution: The Company's shipping and distribution costs include costs incurred with third-party carriers to transport products to customers and salaries and overhead costs related to activities to prepare the Company's products for shipment. Shipping and distribution costs were $5,724, $8,615 and $10,001 during the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

Stock-Based Compensation: The Company measures all stock-based awards granted to employees and directors based on the fair value on the date of the grant and recognizes compensation expense for those awards, over the requisite service period, which is generally the vesting period of the respective award. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of the Company's common stock, expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the Company's expected dividend yield.

Effective December 31, 2018, the Company adopted ASU No. 2018-07, *Compensation—Stock Compensation* (Topic 718): *Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"), which expands

the scope of Topic 718 to include share-based payment awards to nonemployees. As a result, stock-based awards granted to consultants and non-employees are accounted for in the same manner as awards granted to employees and directors as described above. The impact of adoption of this new guidance did not have a material impact on the Company's consolidated financial statements.

Prior to the adoption of ASU 2018-07, the Company recognized compensation expense for stock-based awards granted to consultants and non-employees over the shorter of the vesting period or the period during which services are rendered by such consultants and non-employees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is re-measured using the then-current fair value of the Company's common stock and updated assumption inputs in the Black-Scholes option-pricing model.

The Company classifies stock-based compensation expense in its consolidated statements of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Stock Option Valuation: The fair value of stock option grants is estimated using the Black-Scholes option-pricing model. The Company historically has been a private company and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. For options with service-based vesting conditions, the expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The expected term of stock options granted to non-employee consultants is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company did not pay cash dividends in any of the periods presented and does not expect to pay any cash dividends in the foreseeable future.

Advertising and Promotion Expenses: Advertising and promotion expenses consist primarily of costs incurred promoting and marketing the Company's products. The Company expenses all advertising and promotion costs as incurred. During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, the Company incurred advertising and promotion expenses of approximately $1,663, $4,613 and $10,320, respectively.

Recent Accounting Pronouncements: From time to time, new accounting pronouncements are issued by the FASB under its Accounting Standards Codification or other standard setting bodies. The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) it affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Adopted Accounting Pronouncements: In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting (Topic 718)*, which simplifies the accounting for share-based

payments to nonemployees by aligning it with the accounting for share-based payments to employees and directors, with certain exceptions. The new standard is effective for non-public companies for annual reporting periods beginning after December 15, 2019 with early adoption permitted. The Company adopted this standard on December 31, 2018. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). This standard clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of contingent consideration arising from a business combination, insurance settlement proceeds, and distributions from certain equity method investees. For non-public companies, the guidance in the ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company adopted this standard on December 31, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") which amended the existing FASB Accounting Standards Codification. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition ("Topic 605") and establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The standard also provides guidance on the recognition of costs related to obtaining and fulfilling customer contracts. Additionally, the standard requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard also requires the capitalization of costs to acquire a contract. The Company utilized the modified retrospective method of adoption, applying the standards to only 2019, and not restating prior periods presented in the consolidated financial statements. The Company's assessment efforts included an evaluation of revenue contracts with customers, costs to acquire contracts and related sales incentives that were not complete as of December 31, 2018. Adoption of ASU 2014-09 did not have a material impact on the Company's results of operations or financial position.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other*, that simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in the current two-step impairment test under ASC 350. Under current guidance, if the fair value of a reporting unit is lower than its carrying amount (Step 1), an entity calculates any impairment charge by comparing the implied fair value of goodwill with its carrying amount (Step 2). The implied fair value of goodwill is calculated by deducting the current fair value of all assets and liabilities of the reporting unit from the reporting unit's fair value as determined in Step 1. Under ASU 2017-04, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The guidance is effective for fiscal years beginning after December 15, 2020, and early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The guidance must be applied prospectively. The Company adopted this standard on January 1, 2018 and the adoption of this standard did not have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting* (Topic 718). The new guidance simplifies certain aspects related to income taxes, statement of cash flows, and forfeitures when accounting for share-based payment transactions. Certain of the amendments related to timing of the recognition of tax benefits and tax withholding requirements should be applied using a modified retrospective transition method. Amendments related to the presentation of

the statement of cash flows should be applied retrospectively. All other provisions may be applied on a prospective or modified retrospective basis. The Company adopted this standard on January 1, 2018 and elected to prospectively account for forfeitures as they occur. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted: In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements. The standard is effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the adoption of ASU 2018-13 to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in ASU 2016-02 supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of operations. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company expects to adopt the guidance retrospectively at the beginning of the period of adoption, fiscal year 2021, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented. The new standard provides a number of practical expedients. Upon adoption, the Company expects to elect all of the practical expedients available. The Company is currently evaluating the impact of its pending adoption of ASU 2016-02 on its consolidated financial statements. It is anticipated that the primary impact of the adoption will be the recording of a right-of-use asset and lease liability of similar amount on the Company's consolidated balance sheets.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. For non-public companies, the guidance in ASU 2016-13 is effective for fiscal years beginning after December 15, 2022 and interim periods within fiscal years beginning after December 15, 2023. The Company is currently evaluating the impact of its pending adoption of ASU 2016-13 on its consolidated financial statements.

3. Variable Interest Entity

In May 2016, the Company entered into a master joint development and production distribution agreement (the "JDPD Agreement") with Novatrans Group SA ("Novatrans") for the development of certain technology related to determining certain properties of an egg, including fertility (the "TeraEgg Technology"). In May 2016, pursuant to the JDPD Agreement, the Company paid $446 to Novatrans for research and development activities in connection with the TeraEgg Technology.

In December 2016, pursuant to the JDPD Agreement, the Company entered into an assignment agreement with Ovabrite, Inc. ("Ovabrite"), whereby the Company granted and assigned to Ovabrite all rights and obligations of the Company under the JDPD Agreement. Ovabrite was incorporated in the state of Delaware in November 2016. The

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founding stockholders of Ovabrite are also stockholders of the Company, with the majority stockholder of Ovabrite's equity at the time of formation serving as the Company's executive chairman and member of the Company's board of directors. Ovabrite is a related party because its principal owners are stockholders of the Company and Ovabrite is deemed to be a VIE.

In December 2016, in consideration for the assignment and grant of rights under the JDPD Agreement, Ovabrite issued an unsecured promissory note in a principal amount of $446 (the "First Note") to the Company, which represented the total cash paid by the Company to Novatrans under the JDPD Agreement. Interest on the First Note accrued at an annual rate of 1.46%, and Ovabrite was required to make semi-annual payments on amounts outstanding under the First Note, including any accrued but unpaid interest, until the First Note matured on December 23, 2021.

In December 2016, the Company extended an unsecured line of credit to Ovabrite to be used for working capital under which Ovabrite's maximum borrowing capacity was $50 (the "Ovabrite Line of Credit"). Interest on the Ovabrite Line of Credit accrued at an annual rate of 1.46%, and Ovabrite was required to make semi-annual payments on amounts outstanding under the Ovabrite Line of Credit including any accrued but unpaid interest, until the Ovabrite Line of Credit matured on December 23, 2021.

In December 2016, the Company entered into a services agreement with Ovabrite under which the Company provides certain administrative services to Ovabrite in exchange for a monthly management fee.

In November 2017, Ovabrite modified the First Note and the Ovabrite Line of Credit and issued a 1.45% unsecured convertible promissory note to the Company in a principal amount of $496 plus previously accrued and unpaid interest of $6 (the "Ovabrite Convertible Note"). In the event of a qualified sale of Ovabrite equity securities to one or more investors resulting in gross proceeds to Ovabrite of at least $1,000, all principal and accrued and unpaid interest on the Ovabrite Convertible Note was automatically convertible into a number of shares of Ovabrite's equity securities issued in such a financing equal to the outstanding principal and accrued but unpaid interest on the Ovabrite Convertible Note, divided by an amount equal to 80% of the lowest price per share of the equity security sold in the financing. In the event of a non-qualified sale of Ovabrite equity securities (a "Nonqualified Financing"), all principal and accrued and unpaid interest on the Ovabrite Convertible Note was contingently convertible into a number of shares of Ovabrite's equity securities issued in such a financing equal to the outstanding principal and accrued but unpaid interest on the Ovabrite Convertible Note, divided by an amount equal to 80% of the lowest price per share of the equity security sold in such financing.

In November 2017, Ovabrite issued 1,065,038 shares of convertible preferred stock (the "Series 2017 Preferred Stock") at $0.14 per share for gross proceeds of $150, which constituted a Nonqualified Financing; issuance costs associated with the financing were de minimis. In March 2018, in connection with the Series 2017 Preferred Stock purchase agreement, Ovabrite issued an additional 177,506 shares of Series 2017 Preferred Stock at $0.14 per shares for gross proceeds of $25 to its stockholders; issuance costs associated with the financing were de minimis. In April 2018, as a result of the Nonqualified Financing event that occurred in November 2017, the Company elected to exercise its option to convert the outstanding principal balance of the Ovabrite Convertible Note into 4,459,490 shares of Series 2017 Preferred Stock at a conversion price of $0.112672 per share.

The Company is the primary beneficiary of the VIE as the Company has (i) the power to direct the activities of Ovabrite that most significantly impact Ovabrite's economic performance and (ii) the obligation to absorb losses that could potentially be significant to Ovabrite, or the right to receive benefits from Ovabrite that could potentially be significant to Ovabrite. Therefore, the assets, liabilities, and results of operations of Ovabrite are included in the consolidated financial statements.

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The table below presents the assets and liabilities (including intercompany balances that were eliminated in consolidation) of Ovabrite as of December 30, 2018 and December 29, 2019:

	December 30, 2018	December 29, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 2	$ 716
Accounts receivable	—	255
Total assets	$ 2	$ 971
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ —	$ 8
Accrued liabilities	76	206
Total current liabilities	76	214
Note payable to related party	121	—
Total liabilities	197	214
Redeemable convertible preferred stock	677	677
Stockholders' equity:		
Common stock	1	1
Stockholders' (deficit) equity	(873)	79
Total stockholders' (deficit) equity	$ (872)	$ 80
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$ 2	$ 971

The table below presents the results of operations (including intercompany balances that are eliminated in consolidation) for Ovabrite for the years ended December 31, 2017, December 30, 2018 and December 29, 2019:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Operating expenses:			
Selling, general and administrative	$ 218	$ 190	$ 153
Total operating expenses	218	190	153
Loss from operations	(218)	(190)	(153)
Other (expense) income, net:			
Interest expense	(7)	(2)	—
Other income	—	—	1,200
Total other (expense) income, net	(7)	(2)	1,200
Net (loss) income before income taxes	(225)	(192)	1,047
Provision for income taxes	—	—	120
Net (loss) income	$ (225)	$ (192)	$ 927

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Redeemable Noncontrolling Interests: In connection with the consolidation of Ovabrite, the Company recognized the issuance of Series 2017 Preferred Stock in November 2017 and April 2018 as redeemable noncontrolling interests. The Series 2017 Preferred Stock is considered redeemable noncontrolling interests and are classified in mezzanine equity on the consolidated balance sheet as the shares are redeemable upon an event that is not solely within the control of Ovabrite. A liquidation, dissolution or winding up of Ovabrite would constitute a redemption event, which may be outside of Ovabrite's control. The redeemable noncontrolling interests were measured at fair value upon issuance. Subsequent measurement depends on either (i) the redeemable noncontrolling interests becoming redeemable at fair value or (ii) when the Series 2017 Preferred Stock becomes, or is probable of becoming, redeemable. The noncontrolling interest has not been remeasured to fair value since issuance because it is currently not probable that the Series 2017 Preferred Stock will become redeemable based on the likelihood of occurrence of certain events that would prevent it from becoming redeemable. If the Company determines that redemption of the Series 2017 Preferred Stock is probable, the noncontrolling interest will be remeasured to fair value, with changes in the carrying value recognized within additional paid-in-capital.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of Ovabrite or deemed liquidation event, the holders of the shares of outstanding Series 2017 Preferred Stock shall be entitled to an amount equal to the greater of (a) the Series 2017 Original Issue price, plus any dividends declared but unpaid or (b) such amount per share as would have been payable had all shares been converted into Ovabrite common stock immediately prior to such liquidation, dissolution or winding up or deemed liquidation event.

The following table presents a rollforward of the redeemable noncontrolling interests:

	Redeemable Noncontrolling Interest
Balance as of December 31, 2017	$ 150
Issuance of noncontrolling interest	25
Balance as of December 30, 2018	$ 175
Issuance of noncontrolling interest	—
Balance as of December 29, 2019	$ 175

4. Fair Value

The following table presents information about the Company's financial liabilities measured at fair value on a recurring basis:

	Fair Value Measurements as of December 30, 2018 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration, current	$ —	$ —	$ 390	$390
Contingent consideration, net of current portion	—	—	601	601
Total	$ —	$ —	$ 991	$991

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	Fair Value Measurements as of December 29, 2019 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration, current	$ —	$ —	$ 270	$270
Contingent consideration, net of current portion	—	—	382	382
Total	$ —	$ —	$ 652	$652

During the year ended December 30, 2018 and December 29, 2019, there were no transfers between Level 1, Level 2 or Level 3.

The contingent consideration in the table above relates to royalty payments in connection with the acquisition of certain assets of Heartland Eggs. The fair value of the contingent consideration was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. See Note 2, “Summary of Significant Accounting Policies.”

The Company used a discounted cash flow valuation technique which incorporates estimates and assumptions to value the contingent consideration. Key estimates and assumptions impacting the fair value measurement include: (i) projected financial information, (ii) market volatility, (iii) risk-adjusted discount rates and (iv) timing of contractual payments.

The following table presents the unobservable inputs incorporated into the valuation of contingent consideration:

Unobservable Input	December 30, 2018	December 29, 2019
Dozens of eggs supplied	16,151,149	10,367,830
Royalty rate per dozen eggs	$ 0.07	$ 0.07
Estimated royalty income	$ 1,131	$ 726
Discount interval (years)	5.0	4.0

The following table provides a rollforward of the aggregate fair value of the Company’s contingent consideration, for which fair value is determined using Level 3 inputs:

Balance as of December 31, 2017	$1,393
Payment of contingent consideration	(494)
Change in fair value	92
Balance as of December 30, 2018	$ 991
Payment of contingent consideration	(409)
Change in fair value	70
Balance as of December 29, 2019	$ 652

5. Revenue Recognition

The reported results for the years ending December 31, 2017 and December 30, 2018 reflects the application under the guidance of Topic 605, while the year ended December 29, 2019 reflect the application of Topic 606 guidance.

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The following table summarizes the Company's net revenue by primary product:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Net Revenue:			
Eggs	$ 69,629	$ 98,967	$ 128,579
Butter	4,371	7,746	12,154
Net Revenue	$ 74,000	$ 106,713	$ 140,733

Net revenue is primarily generated from the sale of eggs and butter. Historically, the Company's product offering was comprised of pasture-raised shell eggs and pasture-raised butter. In 2018, the Company added pasture-raised hard boiled eggs to its product offering, and in 2019, the Company launched both clarified butter ("ghee") and liquid whole eggs.

For the years ended December 31, 2017, December 30, 2018 and December 29, 2019, net revenue generated from eggs included net revenue from pasture-raised shell eggs of $69,629, $98,269 and $126,185, respectively, net revenue generated from liquid whole eggs of $0, $0 and $239, respectively, and net revenue generated from hard boiled eggs of $0, $698 and $2,155, respectively.

For the years ended December 31, 2017, December 30, 2018 and December 29, 2019, net revenue generated from butter included revenue from pasture-raised butter of $4,371, $7,746 and $11,508, respectively, and net revenue generated from ghee was $0, $0 and $646, respectively.

6. Accounts Receivable, Net

Accounts receivable, net was $10,236 and $16,108 at December 30, 2018 and December 29, 2019, respectively. As of December 30, 2018 and December 29, 2019, the company recorded an allowance for doubtful accounts of $0 and $304, respectively.

Changes in the allowance for doubtful accounts were as follows:

	Balance as of December 31, 2017	Provisions Charged to Operating Results	Account Write-off	Balance as of December 30, 2018
Allowance for doubtful accounts	$ (23)	$ —	$ 23	$ —

	Balance as of December 30, 2018	Provisions Charged to Operating Results	Account Write-off and Recoveries	Balance as of December 29, 2019
Allowance for doubtful accounts	$ —	$ (304)	$ —	$ (304)

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7. Inventories

As of December 30, 2018 and December 29, 2019, inventories consisted of the following:

	December 30, 2018	December 29, 2019
Eggs and inventory in transit	$ 2,407	$ 9,000
Butter	323	646
Packaging	636	1,949
Ghee	—	792
Other	699	749
Less: excess and obsolete inventory reserve	(199)	(189)
	$ 3,866	$ 12,947

Changes in the excess and obsolete inventory reserve, were as follows:

	Balance at Beginning of Year	Provisions Charged to Operating Results	Account Write-off	Balance at End of Year
Excess and obsolete inventory reserve				
As of December 30, 2018	$ (262)	$ (200)	$ 263	$ (199)
As of December 29, 2019	$ (199)	$ (189)	$ 199	$ (189)

During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, laying-hen costs amortized to cost of goods sold were approximately $412, $676 and $484, respectively. On a periodic basis, the Company compares the amount of inventory on hand with its latest forecasted requirement to determine whether write-offs for excess or obsolete inventory reserves are required.

In November 2019, the Company amended certain of its long-term supply contracts associated with its egg producing farms to reduce projected inventory levels in future periods. The need to reduce inventory levels was due to changes in the Company's projected product demand outlook. The Company does not anticipate incurring additional losses of this nature in connection with its long-term supply contracts; however, if the Company's projected inventory levels exceed the Company's projected product demand outlook, the Company may be required to further amend its long-term supply contracts to align with the Company's projections. Pursuant to the terms of the amendments, the Company made commitments to reimburse certain of the farms for lost income in connection with removing birds from current flocks ahead of schedule and agreed to pay to the impacted farms the equivalent of the profit they could have reasonably earned on the output of the impacted flock. The Company measured the losses on the amended long-term supply contracts in the same manner as inventory losses, and accrued approximately $1,649 in expected payments to suppliers under these arrangements, which is charged to cost of sales for the year ended December 29, 2019 and included in accrued liabilities as of December 29, 2019 in the accompanying consolidated balance sheets.

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8. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	December 30, 2018	December 29, 2019
Land	$ 525	$ 525
Buildings and improvements	14,175	14,241
Vehicles	480	454
Machinery and equipment	5,112	6,297
Leasehold improvements	7	483
Furniture and fixtures	122	422
Construction in progress	575	3,396
	20,996	25,818
Less: Accumulated depreciation and amortization	(2,336)	(3,360)
Property, Plant and Equipment, net	$ 18,660	$ 22,458

Depreciation and amortization of property, plant and equipment totaled $821, $1,437 and $1,921 for the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

9. Goodwill

The Company's goodwill was generated from the business acquisition of Redhill Farms LLC in 2013 and the acquisition of certain assets of Heartland Eggs in 2014. There were no changes to the goodwill carrying value during the years ended December 31, 2017, December 30, 2018 and December 29, 2019.

10. Accrued Liabilities

Accrued liabilities consisted of the following:

	December 30, 2018	December 29, 2019
Accrued promotions	$ 2,124	$ 1,887
Accrued grower payments	—	1,649
Accrued employee related costs	2,172	1,132
Accrued offering costs	—	385
Accrued distribution fees	406	624
Accrued accounting and legal fees	214	86
Accrued commissions	—	212
Accrued freight	150	—
Accrued expired product chargebacks	145	151
Accrued marketing	126	675
Other	508	843
Property, plant and equipment	—	964
Accrued Liabilities	$ 5,845	$ 8,608

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11. Long-Term Debt

Line of credit: In October 2015, the Company entered into a credit agreement (the "Line of Credit") with a financial institution that provided for maximum borrowings in one or more advances up to an amount equal to $4,000,000 subject to certain borrowing requirements as defined in the agreement. Borrowings under the Line of Credit accrued interest at one-month LIBOR plus 1.9% and had a maturity date of September 30, 2017. As of December 31, 2017, there were no outstanding borrowings under the Line of Credit agreement.

Subordinated debt: In March 2017, the Company issued Senior Subordinated Promissory Notes (the "Subordinated Debt") to certain stockholders totaling $4,000. Borrowings under the Subordinated Debt bore interest at a rate per annum equal to the lesser of the applicable rate of 14% or the maximum rate, defined as the maximum non-usurious interest rate permitted under applicable law, and had an original maturity date of December 31, 2018 ("Maturity Date"). As of October 4, 2017, the date of repayment of all borrowings under the Subordinated Debt agreements, the effective interest rate applicable to borrowings under Subordinated Debt agreements was 14%. The Subordinated Debt agreement required interest only payments semi-annually, on September 1 and March 1 of each calendar year, beginning on March 1, 2018 through the Maturity Date when all unpaid principal and interest became due and payable. In October 2017, a portion of the proceeds from the credit facility agreement with PNC Bank, National Association (the "Credit Facility") was used to repay the outstanding balance of $4,000 under the Subordinated Debt agreement as further discussed below. The Company accounted for the repayment of the outstanding balance under the Subordinated Debt as an extinguishment of the Subordinated Debt which did not result in an impact to the Company's consolidated statements of operations as there was no unamortized debt discount at the time of extinguishment.

Credit facility: On October 4, 2017, the Company entered into the Credit Facility agreement that provided for an initial term loan of $4,700 and a revolving line of credit of up to $10,000. The Credit Facility also originally provided for a $1,500 equipment note for the purpose of funding permitted capital expenditures, subject to certain restrictions.

On April 13, 2018 and April 25, 2018, the Company entered into amended loan agreements in connection with the Credit Facility (the "First Amendment Loan" and "Second Amendment Loan," respectively). The First Amendment Loan was entered to decrease the maximum borrowings under the equipment note from $1,500 to $750 and to waive existing events of default. The Second Amendment Loan was entered to modify various definitions and terms that were not significant.

On February 7, 2019, the Company entered into the Third Amendment to the Credit facility ("Third Amendment Loan"). The Third Amendment Loan agreement was entered into to waive existing events of default under the Credit Facility.

Borrowings under the term loan are repayable in monthly installments of principal and interest, followed by a balloon payment of all unpaid principal and accrued and unpaid interest due on October 4, 2022. Interest on borrowings under the term loan accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.75% or (ii) 1.75% plus the sum of the Federal Funds Open Rate plus 50 basis points and the Daily LIBOR Rate plus 100 basis points. As of December 31, 2017, December 30, 2018 and December 29, 2019, the interest rate applicable to borrowings under the term loan was 4.15%, 6.33% and 4.64%, respectively.

Under the revolving line of credit, the maximum borrowing capacity is $10,000. Interest on borrowings under the revolving line of credit, as well as loan advances thereunder, accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.0% or (ii) 1.0% plus the alternate base rate. There were no outstanding borrowings under the revolving line of credit as of December 30, 2018. As of December 29, 2019, the interest rate applicable to borrowings under the revolving line of credit was 5.75%.

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Under the equipment loan, the maximum borrowing capacity is $750, subject to certain restrictions. Any borrowings under the equipment loan from October 4, 2018 through October 4, 2019 will be due and payable beginning the following month with 36 monthly installments of principal and interest due through October 4, 2022, and all accrued and unpaid interest due October 4, 2022. Interest on borrowings under the equipment loan accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.75% or (ii) 1.75% plus the alternate base rate. There were no outstanding borrowings under the equipment loan as of December 30, 2018. As of December 29, 2019, the interest rate applicable to borrowings under the equipment loan was 4.44%.

The Credit Facility is secured by all of the Company's assets and requires the Company to maintain three financial covenants: a fixed charge coverage ratio, a leverage ratio and a minimum EBITDA. The Credit Facility also contains various covenants relating to limitations on indebtedness, investments and acquisitions, mergers, consolidations, the sale of properties and liens and capital expenditures. In addition, the Credit Facility imposes limitations on the Company's ability to pay dividends or distributions on any equity interest, declare any stock splits or reclassifications of its stock, or apply any of its funds, property or assets to purchase, redeem or retire any of its equity interests or to purchase, redeem or retire any of its options to purchase any of its equity interests. As a result of the limitations contained in the Credit Facility, all of the net assets on the Company's consolidated balance sheet as of December 29, 2019 are restricted in use. The Company's wholly owned subsidiaries are non-operating and do not hold any assets or liabilities; therefore, these subsidiaries have no restricted net assets within the meaning of Rule 4-08(e)(3) or Rule 12-04 of Regulation S-X. The Credit Facility also contains other customary covenants, representations and events of default. As of December 29, 2019, the Company was in compliance with all covenants under the Credit Facility.

The Company incurred debt issuance costs of $219 during the year ended December 31, 2017 relating to the Credit Facility. These costs were capitalized as loan origination fees and recorded as debt issuance costs. The debt issuance costs are reflected as a reduction of the carrying value of long-term debt on the Company's consolidated balance sheets and is being amortized to interest expense over the term of the Credit Facility using the effective interest method. The Company recognized interest expense of $524, $424 and $349 including amortization of debt issuance costs of $40, $71 and $9 during the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

As of December 30, 2018 and December 29, 2019, Long-term debt, net of current portion, consisted of the following:

	December 30, 2018	December 29, 2019
Term loan under credit facility agreement	$ 3,916	$ 3,245
Revolving line of credit	—	1,325
Equipment loan	—	554
Less: current maturities of long-term debt	(671)	(2,160)
Less: unamortized debt issuance costs	(109)	(68)
Long-term debt, net of current portion	$ 3,136	$ 2,896

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During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, the Company made principal payments in connection with the Credit Facility of $112, $671 and $671, respectively.

Future principal payments for long-term debt as of December 29, 2019 are as follows:

For Fiscal Period	
2020	$2,160
2021	867
2022	2,097
Total	$5,124

12. Lease Obligation

The following is a summary of leased property under capital leases included in property, plant and equipment in the consolidated balance sheets:

	December 30, 2018	December 29, 2019
Equipment	$ 2,211	$ 2,211
Less: accumulated depreciation	(390)	(706)
Equipment, net	$ 1,821	$ 1,505

Future minimum lease payments under these capital leases as of December 29, 2019 are as follows:

2020	498
2021	498
2022	334
Total minimum payments	1,330
Less amount representing interest at 5%	84
Present value of minimum lease payments	1,246
Less: Lease obligation, current	449
Lease obligation, net of current portion	797

13. Redeemable Convertible Preferred Stock

As of December 30, 2018 and December 29, 2019, the Company's amended and restated certificate of incorporation authorized the Company to issue 3,330,440 shares of Preferred Stock, par value $0.0001 per share.

In April 2017, the Company issued and sold 1,219,672 shares of Series D Preferred Stock at a price of $9.1053 per share for gross proceeds of $11,105, excluding issuance costs of $85.

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As of each balance sheet date, Preferred Stock consisted of the following:

	December 30, 2018				
	Preferred Stock Designated	Preferred Stock Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series B preferred stock	1,108,952	1,108,952	$ 4,377	$ 9,005	1,108,952
Series C preferred stock	1,001,816	1,001,816	7,639	12,002	1,001,816
Series D preferred stock	1,219,672	1,219,672	11,020	19,429	1,219,672
Total Preferred Stock	3,330,440	3,330,440	$ 23,036	$ 40,436	3,330,440

	December 29, 2019				
	Preferred Stock Designated	Preferred Stock Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series B preferred stock	1,108,952	1,108,952	$ 4,377	$ 9,005	1,108,952
Series C preferred stock	1,001,816	1,001,816	7,639	12,002	1,001,816
Series D preferred stock	1,219,672	1,219,672	11,020	19,429	1,219,672
Total Preferred Stock	3,330,440	3,330,440	$ 23,036	$ 40,436	3,330,440

The holders of the Preferred Stock have the following rights and preferences:

Voting: The holders of the Preferred Stock are entitled to the number of votes equal to the number of whole shares of the Company's common stock into which the shares of Preferred Stock held by such holder are convertible on such date. The holders of Preferred Stock shall vote together with the holders of the Company's common stock, as a single class, on all matters submitted to a vote of stockholders.

Liquidation: Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Series D Preferred Stock will be entitled to be paid out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of Series B Preferred Stock, Series C Preferred Stock or the Company's common stock by reason of their ownership thereof, an amount equal to the greater of (a) $15.93 per Share of Series D Preferred Stock, plus any dividends declared but unpaid thereon, and (b) such amount per share as would have been payable had all shares of Series D Preferred Stock been converted into common stock immediately prior to a liquidation, dissolution or deemed liquidation event; provided that, if upon any liquidation event the amount payable with respect to any Series D Preferred Stock are not paid in full, the holders thereof shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Series B Preferred Stock and Series C Preferred Stock will be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of the Company's common stock, an amount equal to the greater of (i) $8.12 per share of Series B Preferred Stock, plus any declared but unpaid dividends, or $11.98 per share of Series C Preferred Stock or (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock and Series C Preferred Stock been converted into shares of the Company's common stock immediately prior to such liquidation, dissolution or deemed liquidation event; provided that, if upon any liquidation event the amounts payable with respect to any series of Series B Preferred Stock and Series C Preferred Stock, are not paid in full, the holders there of shall share ratably in all the assets

available for payment in proportion to the full respective liquidation preference amount to which they are entitled. Upon completion of the distributions required above, the remaining assets of the Company available for distribution to its stockholders shall be distributed ratably to the holders of the Company's common stock.

Conversion: Each share of Preferred Stock is convertible into shares of the Company's common stock on a one-for-one basis, subject to appropriate adjustment in the event of any stock dividend, stock split or similar recapitalization, at the option of the stockholder and subject to adjustments in accordance with anti-dilution provisions. In addition, such shares will be converted automatically into shares of the Company's common stock at the then applicable conversion ratio upon the earlier of (i) a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (a "Qualified IPO"), or (ii) the occurrence of an event specified by vote or written consent of the holders of at least 66.66% of the then outstanding shares of Preferred Stock.

Dividends: Dividends are payable if and when declared by the Company's board of directors.

Redemption: The holders of the Company's Preferred Stock have no voluntary rights to redeem shares. A liquidation, dissolution or winding up of the Company would constitute a redemption event, which may be outside of the Company's control.

Ovabrite's Series 2017 Preferred Stock: As of December 30, 2018 and December 29, 2019, Ovabrite had issued 5,702,034 shares of Series 2017 Preferred Stock. The Company holds approximately 80% of these shares, which have been eliminated in consolidation. The remaining shares of Series 2017 Preferred Stock outstanding are presented as redeemable noncontrolling interest on the Company's consolidated balance sheets. See Note 3, "Variable Interest Entity."

14. Common Stock and Common Stock Warrants

Common Stock: As of December 29, 2019, the Company's amended and restated certificate of incorporation authorized the Company to issue 16,401,856 shares of common stock, par value $0.0001 per share.

In March and April 2019, the Company issued and sold an aggregate of 1,144,314 shares of common stock at a purchase price of $13.1083 per share, for proceeds of $14,097, net of issuance costs of $903.

In March and April 2019, the Company executed a tender offer to repurchase 1,159,663 shares of its common stock and the vested equity of certain directors, employees and officers for a net purchase price of $12.33 per share for net proceeds of $14,289.

The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth above. Each share of the Company's common stock is entitled to one vote on all matters submitted to a vote of the Company's stockholders. Holders of the Company's common stock are entitled to receive dividends as may be declared by the Company's board of directors, if any, subject to the preferential dividend rights of Preferred Stock. No cash dividends had been declared or paid during the periods presented.

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As of each balance sheet date, the Company had reserved shares of common stock for issuance in connection with the following:

	December 30, 2018	December 29, 2019
Conversion of outstanding shares of redeemable convertible preferred stock	3,330,440	3,330,440
Warrants to purchase common stock	80,000	80,000
Options to purchase common stock	1,324,829	2,200,432
Shares available for grant under the 2013 Incentive Plan	26,404	97,594
Total	4,761,673	5,708,466

Common Stock Warrants: In June 2015, the Company issued a warrant to the guarantor of a line of credit agreement that was entered into in 2015 and matured and was repaid in full in 2017. The guarantor was also the Company's Chief Executive Officer. The warrant provided for the purchase of a total of 80,000 shares of the Company's common stock at an exercise price of $3.52 per share. As of December 29, 2019, the warrant has not yet been exercised. The warrant expires upon the earlier of June 12, 2020 or the completion of this offering. At the time of issuance, the Company classified the warrant as equity in its consolidated balance sheets.

15. Stock-Based Compensation

The Option Plan: The Vital Farms Inc. 2013 Incentive Plan (the "Option Plan") provides for the Company to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to its employees, directors, officers, outside advisors and non-employee consultants outside advisors and non-employee consultants.

As of December 29, 2019, the Company has reserved 2,298,026 shares of its common stock for issuance to its employees, directors, outside advisors and non-employee consultants pursuant to the Option Plan. Unless otherwise provided, at the time of grant, the options issued pursuant to the Option Plan expire 10 years from the date of grant and generally vest over five years, with 20% vesting on the first anniversary and the balance vesting ratably over 48 months. At December 30, 2018 and December 29, 2019, 26,404 and 97,594 shares, respectively, were available for future grants of the Company's common stock.

The Option Plan is administered by the Company's board of directors or, at the discretion of the Company's board of directors, by a committee thereof. The exercise prices, vesting and other restrictions are determined at the discretion of the Company's board of directors, or its committee if so delegated. The Company's board of directors values the Company's common stock, taking into consideration the most recently available valuation thereof performed by third parties, as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, the Company granted to its employees and directors options to purchase an aggregate of 68,000, 360,429 and 1,024,273 shares of its common stock, respectively. The Company recorded stock-based compensation expense for options granted to employees and directors of $320, $424 and $902 during the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

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During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, the Company did not grant any options to purchase shares to its non-employee consultants. The Company recorded stock-based compensation expense for options granted to non-employees of $175, $176 and $127 during the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

Stock Option Valuation: The following table presents, on a weighted-average basis, the assumptions used in the Black-Scholes option-pricing model to determine the grant-date fair value of stock options granted to the Company's employees and directors:

	December 31, 2017	Year Ended December 30, 2018	December 29, 2019
Expected term in years	6.5	6.5	6.5
Expected stock price volatility	37%	24%	40%
Risk-free interest rate	2.09%	2.76%	1.58%
Expected dividend yield	0.00%	0.00%	0.00%

Stock Options: The following table summarizes the Company's stock option activity since December 30, 2018:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 30, 2018	1,324,829	$ 5.52	6.4	$ 4,683
Granted	1,024,273	13.51	9.6	$ 22,522
Exercised	(62,160)	3.57		
Cancelled	(86,510)	8.44		
Outstanding as of December 29, 2019	2,200,432	$ 9.19	7.3	$ 60,059
Options exercisable as of December 29, 2019	953,959	$ 4.83	4.8	$ 30,189
Options vested and expected to vest as of December 29, 2019	2,200,432	$ 9.19	7.3	$ 60,059

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for all stock options that had exercise prices lower than the fair value of the Company's common stock.

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2017, December 30, 2018 and December 29, 2019 was $53, $6 and $2,046, respectively.

The weighted-average grant-date fair value per share of stock options granted during the years ended December 31, 2017, December 30, 2018 and December 29, 2019 was $3.40, $2.72 and $6.32, respectively.

Stock-Based Compensation: For the years ended December 31, 2017, December 30, 2018 and December 29, 2019, stock-based compensation expense of $495, $600 and $1,029, respectively, was recorded within selling, general and administrative expenses in the consolidated statements of operations.

Effective December 31, 2018, the Company adopted ASU 2018-07 and no longer remeasures the fair value of equity awards granted to non-employees at each reporting period. See Note 2, "Summary of Significant

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Accounting Policies." As of December 29, 2019, total unrecognized compensation expense related to unvested stock options was $6,892, which is expected to be recognized over a weighted-average period of 2.2 years.

16. Income Taxes

For the year ended December 31, 2017, December 30, 2018 and December 29, 2019, the provision for income taxes consisted of the following:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Current:			
Federal	$ 27	$ —	$ 867
State	6	3	187
Deferred:			
Federal	—	794	(88)
State	—	(74)	140
Provision for income taxes	$ 33	$ 723	$ 1,106

The reconciliation of the federal statutory income tax provision to the Company's effective income tax provision is as follows:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Provision (benefit) at statutory rate at 21%	$ (718)	$ 1,334	$ 929
State income taxes	4	182	258
Non-deductible costs	132	129	604
Charitable deduction	—	—	(629)
Change in deferred tax asset valuation allowance	622	(655)	23
Other	(7)	(267)	(79)
Provision for income taxes	$ 33	$ 723	$ 1,106

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Deferred income taxes reflect the net tax effects of loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred income tax assets and liabilities at December 30, 2018 and December 29, 2019 were comprised of the following:

	December 30, 2018	December 29, 2019
Deferred tax assets:		
Accrued expenses	$ 844	$ 688
Inventory reserve	108	110
Net operating loss carryforwards	230	31
Charitable contributions	—	760
Other	105	378
Total deferred tax assets	1,287	1,967
Less: Valuation allowance	(115)	(138)
Net deferred tax assets	$ 1,172	$ 1,829
Deferred tax liabilities:		
Prepaid expenses	$ 92	$ 361
Property and equipment	1,783	2,223
Total deferred tax liabilities	1,875	2,584
Net deferred tax liabilities	$ 703	$ 755

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. A full review of all positive and negative evidence needs to be considered, including the Company's current and past performance, the market environments in which the Company operates, the utilization of past tax credits, the length of carry back and carry forward periods and tax planning strategies that might be implemented. Management considered the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. The net change in the total valuation allowance for the year ended December 29, 2019 was an increase of approximately $23.

The activity in the Company's deferred tax asset valuation allowance for the year ended December 30, 2018 and December 29, 2019 was as follows:

	December 30, 2018	December 29, 2019
Valuation allowance as of beginning of year	$ 770	$115
Increases recorded to income tax provision	40	23
Decreases recorded as a benefit to income tax provision	(695)	—
Valuation allowance as of end of year	$ 115	$ 138

At December 29, 2019, the Company has net operating loss carryforwards state income tax purposes of $560, which begin to expire in 2021, if not utilized.

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As of December 29, 2019, the Company had unrecognized tax benefits, which represent the aggregate tax effect of the differences between tax return positions and the benefits recognized in the Company's financial statements. At December 29, 2019 an insignificant amount of the unrecognized tax benefits, if recognized, would affect the Company's, annual effective tax rate. The unrecognized tax benefits are long-term in nature.

The following table reflects changes in gross unrecognized tax benefits:

	December 30, 2018	December 29, 2019
Gross tax contingencies as of beginning of year	$ 201	$ 314
Increase in gross tax contingencies	113	—
Decrease in gross tax contingencies	—	(42)
Gross tax contingencies as of end of year	$ 314	$ 272

The Company files a U.S. federal income tax return, as well as income tax returns in various states. The tax years through 2019 remain open to examination by the tax jurisdictions to which the Company is subject.

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17. Net (Loss) Income Per Share and Unaudited Pro Forma Net Income Per Share

Net (Loss) Income Per Share

Basic and diluted net (loss) income per share attributable to Vital Farms, Inc. common stockholders were calculated as follows:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Numerator:			
Net (loss) income	$ (2,145)	$ 5,629	$ 3,312
Less: Net (loss) income attributable to noncontrolling interests	(225)	(168)	927
Net (loss) income attributable to Vital Farms, Inc. common stockholders' — basic and diluted	(1,920)	5,797	2,385
Denominator:			
Weighted average common shares outstanding — basic	10,486,127	10,491,737	10,527,332
Weighted average effect of potentially dilutive securities:			
Effect of potentially dilutive stock options	—	461,740	742,318
Effect of potentially dilutive common stock warrants	—	48,850	62,940
Effect of potentially dilutive convertible preferred stock	—	3,330,440	3,330,440
Weighted average common shares outstanding — diluted	10,486,127	14,332,767	14,663,030
Net (loss) income per share attributable to Vital Farms, Inc. common stockholders			
Basic	$ (0.18)	$ 0.55	$ 0.23
Diluted	$ (0.18)	$ 0.40	$ 0.16

The following potentially dilutive shares were excluded from the computation of diluted net income per share attributable to Vital Farms common Inc. stockholders for the years ended December 31, 2017, December 30, 2018 and December 29, 2019 because including them would have been antidilutive:

	Year Ended		
	December 31, 2017	December 30, 2018	December 29, 2019
Stock options to purchase common stock	1,028,000	201,000	1,031,753
Common stock warrants to purchase common stock	80,000	—	—
Redeemable convertible preferred stock as converted to common stock	3,330,400	—	—
Total	4,438,400	201,000	1,031,753

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Unaudited Pro Forma Net Income Per Share

The Company's unaudited pro forma basic and diluted net income per share attributable to Vital Farms, Inc. common stockholders' for the year ended December 29, 2019 has been prepared to give effect to the automatic conversion of the Preferred Stock into shares of common stock as if the qualified IPO had occurred on December 31, 2018:

	Year Ended December 29, 2019
Numerator:	
Net income attributable to Vital Farms, Inc. common stockholders - basic and diluted	$
Unaudited pro forma net income attributable to Vital Farms, Inc. common stockholders— basic and diluted	
Denominator:	
Weighted average common shares outstanding— basic	
Pro forma adjustment to reflect automatic conversion of redeemable convertible preferred stock as converted to common stock	
Unaudited pro forma weighted average common shares outstanding — basic	
Add: Weighted-average effect of potentially dilutive securities:	
Effect of potentially dilutive stock options	
Effect of potentially dilutive common stock warrants	
Unaudited pro forma weighted average common shares outstanding — diluted	
Unaudited pro forma net income per share attributable to Vital Farms, Inc. common stockholders	
Basic	$
Diluted	$

18. Commitments and Contingencies

In August 2018, the Company entered into a lease agreement for new office space in Austin, Texas for 7,120 rentable square feet. The lease expires in April 2026. The Company has the option to extend the lease agreement for successive periods of up to five years. Monthly lease payments, inclusive of base rent charges is $17 and subject to periodic rent increases through April 2026.

In January 2019 and July 2019, the Company entered into a first amendment and a second amendment (the "2019 First Amendment" and "2019 Second Amendment," respectively) to modify the terms of its lease agreement for the new office space in Austin, Texas. The 2019 First Amendment provided for additional parking space and the 2019 Second Amendment provided for the expansion of existing premises to 9,082 total rentable

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square feet. The monthly lease payments, which include base rent charges of $19, are subject to periodic rent increases through April 2026.

In January 2018, the Company entered into a lease agreement for a warehouse space in Webb City, Missouri for 3,000 rentable pallet spaces. The Company has the option to exceed the 3,000 pallet spaces through December 31, 2020, the lease expiration date. Monthly lease payments include base rent charges of $33.

The Company recognizes rent expense on a straight-line basis over the respective lease period and has recorded deferred rent for rent expense incurred but not yet paid. Rent expense, including associated common area maintenance charges, totaled approximately $160, $359 and $358 for the years ended December 31, 2017, December 30, 2018 and December 29, 2019, respectively.

As of December 29, 2019, future minimum lease payments under noncancelable operating leases are as follows:

2020	$1,012
2021	302
2022	311
2023	320
2024	329
Thereafter	451
Total	$2,725

Supplier Contracts: The Company purchases its egg inventories under long-term supply contracts with farms. Purchase commitments contained in these arrangements are variable dependent upon the quantity of eggs produced by the farms. Accordingly, there are no estimable future purchase commitments associated with these supplier contracts. In addition, substantially all of the Company's long-term supply contracts with farms contain components that meet the definition of embedded leases within the scope of Topic 840, *Leases*. These arrangements convey to the Company the right to control implicitly identified property, plant and equipment as it takes substantially all of the utility generated by these assets over the term of the arrangements at a variable price. As total purchase commitments contained in these arrangements are variable, the amounts attributable to the lease components are contingent rentals; there are no minimum lease payments associated with these long-term supply contracts. As the classification and timing of recognition of costs attributable to the eggs and embedded cost of the lease rentals are identical, the Company does not allocate the total purchase cost of eggs between the cost of the eggs and the embedded cost of the lease rentals or distinguish between them in its accounting records. The Company records the total purchase costs of eggs, which includes costs associated with the eggs and the corresponding costs of embedded lease rentals from the same arrangement, into inventory in the consolidated balance sheets. These costs are expensed to cost of goods sold in the consolidated statements of operations when the associated eggs are sold to customers. For the years ending December 31, 2017, December 30, 2018 and December 29, 2019, the Company recognized total costs associated with its long-term supply contracts with farms of $31,194, $41,728 and $54,380, respectively, to cost of goods sold in the consolidated statements of operations.

Indemnification Agreements: In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and its executive officers that will require the Company, among other

things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of December 29, 2018, the Company has not incurred any material costs as a result of such indemnifications.

Litigation: The Company is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to its business, including those related to regulation, litigation, business transactions, employee-related matters and taxes, among others. When the Company becomes aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company records a liability for the loss. The liability recorded includes probable and estimable legal costs incurred to date and future legal costs to the point in the legal matter where the Company believes a conclusion to the matter will be reached. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the claim if the likelihood of a potential loss is reasonably possible.

In 2018, the Company settled a lawsuit, in which the Company was the plaintiff. The Company recorded a gain of $1,000 relating to this settlement and incurred approximately $271 in related settlement costs which are included in selling, general and administrative expenses in the consolidated statements of operations.

In January 2019, Ovabrite settled claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff. Ovabrite recorded a gain of $1,200 relating to this settlement which is included in other income in the consolidated statements of operations.

19. Related Party Transactions

Guarantor Warrants: The Company's executive chairman and former Chief Executive Officer (the "Guarantor") guaranteed the Company's obligations under a line of credit agreement that was entered into in 2015 and that matured and was repaid in full in 2017. The Company issued a warrant to purchase 80,000 shares of the Company's common stock at an exercise price of $3.52 to the Guarantor in exchange for his guaranty. See Note 13, "Common Stock and Common Stock Warrants." As of December 29, 2019, the warrant has not yet been exercised. The warrant expires upon the earlier of June 12, 2020 or the completion of the IPO.

Ovabrite, Inc.: Ovabrite is a related party because its founders are stockholders of the Company, with the majority stockholder in Ovabrite also serving as the Company's executive chairman and member of the Company's board of directors. Since Ovabrite's incorporation in November 2016, the Company is deemed to have had a variable interest in Ovabrite, and Ovabrite is deemed to have been a VIE, of which the Company is the primary beneficiary. Accordingly, the Company has consolidated the results of Ovabrite since November 2016. All transactions between the Company and Ovabrite have been eliminated in consolidation.

Notes Receivable from Related Party: In February 2019, the Company issued promissory notes in the aggregate amount of $4,000 to its founder and to a former member of the board of directors who is currently a board observer, who are also stockholders of the Company. The promissory notes bear monthly interest at LIBOR plus 2.0% and mature on the earlier of August 7, 2022 or the date of closing of a liquidity transaction which is defined as a merger, consolidation or sale of the Company's assets or such time as the notes would be prohibited by the Sarbanes-Oxley Act ("Promissory Note Maturity Date"). All unpaid principal and accrued and unpaid interest are due on the Promissory Note Maturity Date. The borrower may prepay all or any portion of the promissory notes at any time without premium or penalty.

VITAL FARMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)

During the year ended December 29, 2019, the Company received principal payments in connection with the promissory notes of $3,200. As of December 29, 2019, the Company recorded $31 of interest receivable in the consolidated balance sheets and $146 of interest income in the consolidated statements of operations in connection with the promissory notes.

Manna Tree Partners: In March and April 2019, the Company issued and sold an aggregate of 1,144,314 shares of common stock at a purchase price of $13.1083 per share, for an aggregate purchase price of $15,000, to entities associated with Manna Tree Partners. The co-founder and chief operating officer of Manna Tree Partners is a member of the Company's board of directors.

2019 Stock Buyback: In April and May 2019, the Company entered into a series of agreements with existing investors pursuant to which, the Company, with the proceeds from the issuance of common stock to Manna Tree Partners, repurchased an aggregate of 1,159,663 shares of its common stock at a net purchase price of $12.3215 per share for net proceeds of $14,289. The existing investors included executives and members of the Company's board of directors.

Sandpebble Builders Preconstruction, Inc. The Company utilizes Sandpebble Builders Preconstruction, Inc. (Sandpebble) for project management and related services associated with the construction and expansion of Egg Central Station. The owner and principal of Sandpebble is the father of an executive of the Company. During 2017, 2018 and 2019, the Company paid Sandpebble approximately $1,200, $211 and $556, respectively.

20. 401(K) Savings Plan

The Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the Company's board of directors. During the years ended December 31, 2017, December 30, 2018 and December 29, 2019, the Company made contributions totaling $47, $245 and $246, respectively, to the plan.

21. Subsequent Events

Management has evaluated all subsequent events through March 26, 2020, the date these consolidated financial statements were available for issuance.

On February 24, 2020, the Company entered into the Fourth Amendment to the Credit facility ("Fourth Amendment Loan") which amended or waived certain terms or conditions under the Credit Facility and increased the maximum loan amount to $17,700. In addition, the Fourth Amendment Loan increased the maximum borrowings under the equipment loan to $3,000 and extended the borrowing period for the equipment loan from October 4, 2019 through October 4, 2021.

VITAL FARMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share amounts)

	December 29, 2019	March 29, 2020	Pro Forma March 29, 2020
		(Unaudited)	
Assets			
Current assets:			
Cash and cash equivalents	$ 1,274	$ 1,711	$
Accounts receivable, net	16,108	19,177	
Inventories	12,947	12,148	
Income taxes receivable	1,615	1,202	
Prepaid expenses and other current assets	2,706	2,680	
Total current assets	34,650	36,918	
Property, plant and equipment, net	22,458	25,630	
Notes receivable from related party	831	836	
Goodwill	3,858	3,858	
Deposits and other assets	151	180	
Total assets	$ 61,948	$ 67,422	$
Liabilities, Redeemable Noncontrolling Interest, Redeemable Convertible Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable	$ 13,510	$ 14,409	$
Accrued liabilities	8,608	5,397	
Current portion of long-term debt	2,160	6,634	
Lease obligation, current	449	454	
Contingent consideration, current	270	245	
Total current liabilities	24,997	27,139	
Long-term debt, net of current portion	2,896	3,582	
Lease obligation, net of current portion	797	682	
Contingent consideration, non-current	382	337	
Deferred tax liabilities, net	755	1,169	
Other liability, non-current	272	272	
Total liabilities	30,099	33,181	
Commitments and contingencies (Note 15)			
Redeemable noncontrolling interest	175	175	
Redeemable convertible preferred stock (Series B, Series C and Series D), $0.0001 par value; 3,330,440 shares authorized, issued, and outstanding as of December 29, 2019 and March 29, 2020 (unaudited); no shares outstanding as of March 29, 2020 (unaudited) proforma; aggregate liquidation preference of $40,436 as of December 29, 2019 and March 29, 2020 (unaudited)	23,036	23,036	
Stockholders' equity:			
Common stock, $0.0001 par value per share, 16,401,856 shares authorized as of December 29, 2019 and March 29, 2020 (unaudited); 12,776,384 and 12,779,469 shares issued as of December 29, 2019 and March 29, 2020 (unaudited), respectively; 10,542,680 and 10,545,765 shares outstanding as of December 29, 2019 and March 29, 2020 (unaudited), respectively; 13,876,205 shares outstanding as of March 29, 2020 pro forma (unaudited)	—	—	
Treasury stock, at cost, 2,233,704 common shares as of December 29, 2019 and March 29, 2020 (unaudited)	(16,276)	(16,276)	
Additional paid-in capital	19,596	20,054	
Retained earnings	5,239	7,184	
Total stockholders' equity attributable to Vital Farms, Inc. stockholders	8,559	10,962	
Noncontrolling interests	79	68	
Total stockholders' equity	$ 8,638	$ 11,030	$
Total liabilities, redeemable noncontrolling interest, redeemable convertible preferred stock and stockholders' equity	$ 61,948	$ 67,422	$

See accompanying notes to the condensed consolidated financial statements.

VITAL FARMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except for shares and per share data)
(Unaudited)

	Fiscal Quarter Ended	
	March 31, 2019	March 29, 2020
Net revenue	$ 32,945	$ 47,579
Cost of goods sold	21,439	31,724
Gross profit	11,506	15,855
Operating expenses:		
Selling, general and administrative	5,164	9,678
Shipping and distribution	2,079	3,274
Total operating expenses	7,243	12,952
Income from operations	4,263	2,903
Other income (expense), net:		
Interest expense	(86)	(158)
Other income	1,269	20
Total other income (expense), net	1,183	(138)
Net income before income taxes	5,446	2,765
Provision for income taxes	1,421	831
Net income	4,025	1,934
Less: Net income (loss) attributable to noncontrolling interests	967	(11)
Net income attributable to Vital Farms, Inc. stockholders	$ 3,058	$ 1,945
Net income per share attributable to Vital Farms, Inc. stockholders:		
Basic:	$ 0.29	$ 0.18
Diluted:	$ 0.21	$ 0.13
Weighted average common shares outstanding:		
Basic:	10,659,342	10,545,647
Diluted:	14,539,043	15,088,844
Pro forma net income per share attributable to Vital Farms, Inc. common stockholders:		
Basic:		$
Diluted:		$
Pro forma weighted average common shares outstanding:		
Basic:		
Diluted:		

See accompanying notes to the condensed consolidated financial statements.

VITAL FARMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Amounts in thousands, except share amounts)
(Unaudited)

	Redeemable Convertible Preferred Stock		Redeemable Noncontrolling Interest	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity Attributable to Vital Farms, Inc. Stockholders'	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Amount	Shares	Amount	Shares	Amount					
Balances at December 30, 2018	3,330,440	$23,036	$ 175	11,569,910	$ —	(1,074,041)	$ (1,987)	$ 4,248	$ 2,854	$ 5,115	$ (848)	$ 4,267
Issuance of common stock, net of issuance costs $497	—	—	—	572,157	—	—	—	7,003	—	7,003	—	7,003
Stock-based compensation expense	—	—	—	—	—	—	—	143	—	143	—	143
Net income attributable to non-controlling interests - stockholders	—	—	—	—	—	—	—	—	—	—	967	967
Net income attributable to Vital Farms, Inc.	—	—	—	—	—	—	—	—	3,058	3,058	—	3,058
Balances at March 31, 2019	3,330,440	$23,036	$ 175	12,142,067	$ —	(1,074,041)	$ (1,987)	$ 11,394	$ 5,912	$ 15,319	$ 119	$ 15,438
Balances at December 29, 2019	3,330,440	$23,036	$ 175	12,776,384	$ —	(2,233,704)	$(16,276)	$ 19,596	$ 5,239	$ 8,559	$ 79	$ 8,638
Exercise of stock options	—	—	—	3,085	—	—	—	10	—	10	—	10
Stock-based compensation expense	—	—	—	—	—	—	—	448	—	448	—	448
Net loss attributable to non-controlling interests - stockholders	—	—	—	—	—	—	—	—	—	—	(11)	(11)
Net income attributable to Vital Farms, Inc.	—	—	—	—	—	—	—	—	1,945	1,945	—	1,945
Balances at March 29, 2020	3,330,440	$23,036	$ 175	12,779,469	$ —	(2,233,704)	$(16,276)	$ 20,054	$ 7,184	$ 10,962	$ 68	$ 11,030

See accompanying notes to the condensed consolidated financial statements.

VITAL FARMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Fiscal Quarter Ended	
	March 31, 2019	March 29, 2020
Cash flows provided by operating activities:		
Net income	$ 4,025	$ 1,934
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	356	456
Non-cash interest expense	4	30
Bad debt recovery	—	(116)
Inventory provisions	(55)	73
Change in fair value of contingent consideration	22	(23)
Stock-based compensation expense	143	448
Deferred taxes	—	413
Non-cash interest income	(23)	(5)
Changes in operating assets and liabilities:		
Accounts receivable	279	(2,953)
Inventories	(826)	726
Income taxes receivable	—	413
Income taxes payable	1,281	—
Prepaid expenses and other current assets	(12)	619
Deposits and other assets	87	(27)
Accounts payable	(585)	1,434
Accrued liabilities and other liabilities	(1,576)	(2,575)
Net cash provided by operating activities	$ 3,120	$ 847
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(704)	(4,269)
Notes receivable provided to related parties	(4,000)	—
Net cash used in investing activities	$ (4,704)	$ (4,269)
Cash flows provided by financing activities:		
Proceeds from borrowings under revolving line of credit	—	3,907
Proceeds from borrowings under equipment loan	—	1,461
Proceeds from issuance of common stock	7,500	—
Repayment of equipment loan	—	(49)
Repayment of term loan	(168)	(168)
Payment of contingent consideration	(121)	(47)
Payment of issuance costs of common stock	(376)	—
Principal payments under lease obligation	(105)	(110)
Proceeds from exercise of stock options	—	10
Payment of deferred offering costs	—	(1,145)
Net cash provided by financing activities	$ 6,730	$ 3,859
Net increase in cash and cash equivalents	$ 5,146	$ 437
Cash and cash equivalents at beginning of the period	11,815	1,274
Cash and cash equivalents at end of the period	$ 16,961	$ 1,711
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 92	$ 136
Cash paid for income taxes	$ 13	$ 5
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property, plant and equipment included in accounts payable and accrued liabilities	$ 11	—
Common stock issuance costs in accounts payable and accrued liabilities	$ 121	—
Deferred offering costs in accounts payable and accrued liabilities	—	$ 444

See accompanying notes to the condensed consolidated financial statements.

VITAL FARMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

1. Nature of the Business and Basis of Presentation

Vital Farms, Inc. ("Vital Farms") was incorporated in Delaware on June 6, 2013 and is headquartered in Austin, Texas. Vital Farms packages, markets and distributes pasture-raised shell eggs, pasture-raised butter and other products. These products are sold under the trade names Vital Farms, Alfresco Farms, Lucky Ladies and RedHill Farms, primarily to retail foodservice channels in the United States.

Vital Farms Arkansas, LLC, Vital Farms Missouri, LLC, Backyard Eggs, LLC, Barn Door Farms, LLC and Sagebrush Foodservice, LLC are all wholly owned subsidiaries of Vital Farms (collectively referred to with Vital Farms as the "Company"). All significant intercompany transactions and balances have been eliminated in the Vital Farms unaudited condensed consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements as of March 29, 2020 and for the fiscal quarters ended March 31, 2019 and March 29, 2020 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. The accompanying unaudited condensed consolidated financial statements include the accounts of Vital Farms, its subsidiaries and a variable interest entity ("VIE") in which Vital Farms has an interest and is the primary beneficiary. The noncontrolling interest attributable to the Company's VIE is presented as a separate component from stockholders' equity in the unaudited condensed consolidated balance sheets. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the fiscal year ended December 29, 2019.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the included disclosures are adequate and the accompanying unaudited condensed consolidated financial statements contain all adjustments which are necessary for a fair presentation of the Company's consolidated financial position as of March 29, 2020, consolidated results of operations for the fiscal quarters ended March 31, 2019 and March 29, 2020, and consolidated cash flows for the fiscal quarters ended March 31, 2019 and March 29, 2020. Such adjustments are of a normal and recurring nature. The consolidated results of operations for the fiscal quarter ended March 29, 2020 are not necessarily indicative of the consolidated results of operations that may be expected for the fiscal year ending December 27, 2020.

Reclassification of Prior Period Presentation: Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported consolidated results of operations.

Fiscal Year: Our fiscal year ends on the last Sunday in December and contains either 52 or 53 weeks. In a 52-week fiscal year, each of the Company's fiscal quarters consist of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. References to fiscal quarter in these unaudited condensed consolidated financial statements relate to the 13-week fiscal periods ended March 31, 2019 and March 29, 2020.

Impact of COVID-19 Pandemic: With the ongoing COVID-19 pandemic in the fiscal quarter ended March 29, 2020, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our business. We do not currently anticipate that the COVID-19 pandemic will have a material impact on the timelines for our product development and expansion efforts. However, the extent to which the COVID-19 pandemic impacts our business, our product development and expansion efforts, our corporate development objectives and the value of and market for our common stock will depend on future

developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States, and the effectiveness of actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global supply chains and distribution systems and the other risks and uncertainties associated with the pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

Liquidity and Going Concern: In accordance with Accounting Standards Update ("ASU") No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (Subtopic 205-40), the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the unaudited condensed consolidated financial statements are issued.

Through March 29, 2020, the Company has funded its operations primarily with cash flows from the sale of its products, proceeds from the sale of its capital stock and proceeds from borrowings under its existing Credit Facility (as defined in Note 9, "Long-Term Debt"). As of May 29, 2020, the issuance date of the unaudited condensed consolidated financial statements, the Company expects that its existing cash and cash equivalents, together with cash provided by operating activities and available borrowings, will be sufficient to fund its operating expenses and capital expenditure requirements for at least twelve months from the issuance date of the unaudited condensed consolidated financial statements.

2. Summary of Significant Accounting Policies

The significant accounting policies and estimates used in preparation of the unaudited condensed consolidated financial statements are described in the Company's audited consolidated financial statements as of and for the year ended December 29, 2019, and the notes thereto. Except as detailed below, there have been no material changes to the Company's significant accounting policies during the fiscal quarter ended March 29, 2020.

Use of Estimates: The Company does not currently anticipate that the COVID-19 pandemic will have a material impact on the timelines for the Company's product development and expansion efforts and the Company's corporate development objectives. Because future COVID-19 developments are highly uncertain and cannot be predicted with confidence at this time, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these unaudited condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the unaudited condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's unaudited condensed consolidated financial statements.

Unaudited Pro Forma Information: The unaudited pro forma condensed consolidated balance sheet data as of March 29, 2020 assumes the automatic conversion of all outstanding shares of the Company's Series B, Series C, and Series D redeemable convertible preferred stock (collectively, "Preferred Stock") into shares of the Company's common stock immediately upon the closing of the Company's planned initial public offering ("IPO"). The shares of the Company's common stock expected to be issued, and the related net proceeds expected to be received, in connection with the planned IPO are excluded from such pro forma information.

VITAL FARMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)
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The unaudited pro forma basic and diluted net income per share for the fiscal quarter ended March 29, 2020 assumes the automatic conversion of all outstanding shares of Preferred Stock into shares of the Company's common stock immediately upon the closing of the Company's planned IPO, as though the conversion had occurred as of December 31, 2018. The shares of the Company's common stock expected to be issued, and the related net proceeds expected to be received, in connection with the planned IPO are excluded from such pro forma information.

Deferred Offering Costs: The Company capitalizes certain legal, accounting and other third-party fees that are directly related to the Company's in-process equity financings until such financings are consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds received as a result of the financing. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are immediately written off to operating expenses. As of March 29, 2020, the Company recorded deferred offering costs of $1,589 in the accompanying unaudited condensed consolidated balance sheets and are included in prepaid expenses and other current assets.

Recently Adopted Accounting Pronouncements: In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), which modifies the disclosure requirements for fair value measurements. The standard is effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company adopted ASU 2018-13 on December 30, 2019 and the adoption of this standard did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. The Company adopted ASU 2020-04 on March 12, 2020 and the adoption of this standard did not have a material impact on the Company's unaudited condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02") and also issued subsequent amendments to the initial guidance, ASU 2017-13, ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, ASU 2019-10, and ASU 2020-02 (collectively, "Topic 842"). The guidance in Topic 842 supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the unaudited condensed consolidated statement of operations. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company expects to adopt Topic 842 retrospectively at the beginning of the period of adoption, December 27, 2021, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented. The new standard provides a number of practical expedients. Upon adoption, the Company expects to elect all of the practical expedients available. The Company is currently evaluating the impact of its pending adoption of Topic 842 on its consolidated financial statements. It is anticipated that the primary impact of the adoption of Topic 842 will be the recording of a right-of-use asset and lease liability of similar amount on the Company's unaudited condensed consolidated balance sheet.

VITAL FARMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") and also issued subsequent amendments to the initial guidance, ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02, and ASU 2020-03 (collectively, "Topic 326"), to introduce a new impairment model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. Topic 326 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. For non-public companies, Topic 326 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company expects to adopt Topic 326 on December 26, 2022. The Company is currently evaluating the impact of its pending adoption of Topic 326 on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which intends to simplify the guidance by removing certain exceptions to the general principles and clarifying or amending existing guidance. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company expects to adopt ASU 2019-12 on December 26, 2022. Although the Company is currently evaluating the impact of the adoption of ASU 2019-12, the Company does not expect it to have a material impact on its consolidated financial statements.

3. Fair Value

The contingent consideration in the unaudited condensed consolidated balance sheet relates to royalty payments in connection with the Heartland Eggs, LLC asset acquisition. The fair value of the contingent consideration was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy.

The following tables presents information about the Company's financial liabilities measured at fair value on a recurring basis:

	Fair Value Measurements as of December 29, 2019 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration, current	$ —	$ —	$ 270	$270
Contingent consideration, non-current	—	—	382	382
Total	$ —	$ —	$ 652	$652

	Fair Value Measurements as of March 29, 2020 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration, current	$ —	$ —	$ 245	$245
Contingent consideration, non-current	—	—	337	337
Total	$ —	$ —	$ 582	$582

VITAL FARMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

During the fiscal quarters ended March 31, 2019 and March 29, 2020, there were no transfers between fair value measurement levels. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recognized unrealized losses and (gains) associated with the fair value of contingent consideration of $22 and $(23), respectively.

The following table provides a rollforward of the aggregate fair value of the Company's contingent consideration, for which fair value is determined using Level 3 inputs:

Balance as of December 29, 2019	$652
Payment of contingent consideration	(47)
Change in fair value	(23)
Balance as of March 29, 2020	$582

The following table presents the unobservable inputs incorporated into the valuation of contingent consideration:

Unobservable Input	March 29, 2020
Dozens of eggs supplied	9,191,562
Royalty rate per dozen eggs	$ 0.07
Estimated royalty income	$ 643
Discount interval (years)	3.4

4. Revenue Recognition

The following table summarizes the Company's net revenue by primary product for the periods presented:

	Fiscal Quarter Ended	
	March 31, 2019	March 29, 2020
Net Revenue:		
Eggs	$ 30,139	$ 43,945
Butter	2,806	3,634
Net Revenue	$ 32,945	$ 47,579

Net revenue is primarily generated from the sale of eggs and butter. Historically, the Company's product offering was comprised of pasture-raised shell eggs, pasture-raised hard boiled eggs and pasture-raised butter. In 2019, the Company added both liquid whole eggs and clarified butter ("ghee") to its product offerings.

During the fiscal quarters ended March 31, 2019 and March 29, 2020, net revenue generated from eggs included net revenue from pasture-raised shell eggs of $29,741 and $43,440, respectively, net revenue generated from liquid whole eggs of $0 and $149, respectively, and net revenue generated from pasture-raised hard boiled eggs of $398 and $356, respectively.

During the fiscal quarters ended March 31, 2019 and March 29, 2020, net revenue generated from butter included net revenue from pasture-raised butter of $2,743 and $3,380, respectively, and net revenue generated from ghee of $63 and $254, respectively.

VITAL FARMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

As of December 29, 2019 and March 29, 2020, the Company had customers that individually represented 10% or more of the Company's accounts receivable, net and during the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company had customers that individually exceeded 10% or more of the Company's net revenue. The percentage of net revenue from these significant customers during the fiscal quarters ended March 31, 2019 and March 29, 2020, and accounts receivable, net due from these significant customers as of December 29, 2019 and March 29, 2020, are as follows:

	Net Revenue for the Fiscal Quarter Ended March 31, 2019	Net Revenue for the Fiscal Quarter Ended March 29, 2020	Accounts Receivable, Net as of December 29, 2019	Accounts Receivable, Net as of March 29, 2020
Customer A	37%	33%	25%	25%
Customer B	12%	14%	21%	19%
Customer C	12%	11%	*	*

* Accounts receivable was less than 10%.

5. Accounts Receivable

Accounts receivable, net was $16,108 and $19,177 as of December 29, 2019 and March 29, 2020, respectively. As of December 29, 2019, and March 29, 2020, the Company recorded an allowance for doubtful accounts of $304 and $188, respectively. Changes in the allowance for doubtful accounts were as follows:

	Balance at Beginning of Period	Provisions Charged to Operating Results	Account Write-off and Recoveries	Balance at End of Period
Allowance for doubtful accounts				
As of March 29, 2020	$ (304)	$ —	$ 116	$ (188)

6. Inventories

Inventory consisted of the following as of the periods presented:

	December 29, 2019	March 29, 2020
Eggs and inventory in transit	$ 8,811	$ 7,304
Butter	646	1,881
Packaging	1,949	1,650
Ghee	792	702
Other	749	611
	$ 12,947	$ 12,148

Changes in the excess and obsolete inventory reserve for the period presented, were as follows:

	Balance at Beginning of Period	Provisions Charged to Operating Results	Account Write-off	Balance at End of Period
Excess and obsolete inventory reserve				
As of March 29, 2020	$ (189)	$ (73)	$ —	$ (262)

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During the fiscal quarters ended March 31, 2019 and March 29, 2020, laying-hen costs amortized to cost of goods sold were approximately $139 and $115, respectively. On a periodic basis, the Company compares the amount of inventory on hand with its latest forecasted requirement to determine whether write-offs for excess or obsolete inventory reserves are required.

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	December 29, 2019	March 29, 2020
Land	$ 525	$ 525
Buildings and improvements	14,241	14,258
Vehicles	454	502
Machinery and equipment	6,297	7,708
Leasehold improvements	483	486
Furniture and fixtures	422	437
Construction in progress	3,396	5,530
	25,818	29,446
Less: Accumulated depreciation and amortization	(3,360)	(3,816)
Property, plant and equipment, net	$ 22,458	$ 25,630

During the fiscal quarters ended March 31, 2019 and March 29, 2020, depreciation and amortization of property, plant and equipment was approximately $356 and $456, respectively.

As of December 29, 2019 and March 29, 2020, machinery and equipment that was leased under capital leases and included in property, plant and equipment, net in the unaudited condensed consolidated balance sheets was approximately $1,505 and $1,426, respectively.

8. Accrued Liabilities

Accrued liabilities consisted of the following:

	December 29, 2019	March 29, 2020
Accrued promotions and expired product chargebacks	$ 2,038	$ 1,860
Accrued grower payments	1,649	100
Accrued employee related costs	1,132	935
Accrued offering costs	385	475
Accrued distribution fees and freight	624	427
Accrued accounting and legal fees	86	36
Accrued marketing and commissions	887	415
Property, plant and equipment	964	—
Other	843	1,149
Accrued liabilities	$ 8,608	$ 5,397

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9. Long-Term Debt

In October 2017, the Company entered into a credit facility agreement with PNC Bank, National Association (the "Credit Facility") that provided for an initial term loan of $4,700 (the "Term Loan") and a revolving line of credit of up to $10,000 (the "Revolving Line of Credit"). The Credit Facility also originally provided for a $1,500 equipment loan (the "Equipment Loan") for the purpose of funding permitted capital expenditures, subject to certain restrictions. The Credit Facility matures in October 2022.

In April 2018, the Company entered into amended loan agreements in connection with the Credit Facility (the "First Amendment Loan" and "Second Amendment Loan," respectively). The First Amendment Loan was entered to decrease the maximum borrowing capacity under the Equipment Loan from $1,500 to $750 and to waive existing events of default. The Second Amendment Loan was entered to modify various definitions and terms that were not significant.

In February 2019, the Company entered into the Third Amendment to the Credit Facility ("Third Amendment Loan"). The Third Amendment Loan waived existing events of default under the Credit Facility.

In February 2020, the Company entered into the Fourth Amendment to the Credit Facility ("Fourth Amendment Loan") which amended or waived certain terms and conditions under the Credit Facility. In addition, the Fourth Amendment Loan increased the maximum borrowing capacity under the Credit Facility to $17,700. The Fourth Amendment Loan also increased the maximum borrowing capacity under the Equipment Loan to $3,000 and extended the borrowing period for the Equipment Loan from October 2019 to October 2021.

Borrowings under the Term Loan are repayable in monthly installments of principal and interest, followed by a balloon payment of all unpaid principal and accrued and unpaid interest due in October 2022. Interest on borrowings under the Term Loan accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.75% or (ii) 1.75% plus the sum of the Federal Funds Open Rate plus 50 basis points and the Daily LIBOR Rate plus 100 basis points. As of December 29, 2019 and March 29, 2020, the interest rate applicable to borrowings under the Term Loan was 4.64% and 4.51%, respectively.

Under the Revolving Line of Credit, the maximum borrowing capacity is $10,000. Interest on borrowings under the Revolving Line of Credit, as well as loan advances thereunder, accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.0% or (ii) 1.0% plus the alternate base rate. As of December 29, 2019 and March 29, 2020, the interest rate applicable to borrowings under the Revolving Line of Credit was 5.75% and 4.25%, respectively.

Under the Equipment Loan, the maximum borrowing capacity is $3,000, subject to certain restrictions. Any borrowings under the Equipment Loan from October 2018 through October 2021 will be due and payable beginning the following month with 36 monthly installments of principal due through October 2022, and all accrued and unpaid interest due October 2022. Interest on borrowings under the Equipment Loan accrues at a rate, at the Company's election at the time of borrowing, equal to (i) LIBOR plus 2.75% or (ii) 1.75% plus the alternate base rate. As of December 29, 2019 and March 29, 2020, the interest rate applicable to borrowings under the Equipment Loan was 4.44% and 4.83%, respectively.

The Credit Facility is secured by all of the Company's assets and requires the Company to maintain two financial covenants: a fixed charge coverage ratio and a leverage ratio. The Credit Facility also contains various covenants relating to limitations on indebtedness, dividends, investments and acquisitions, mergers,

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consolidations, the sale of properties and liens and capital expenditures. In addition, the Credit Facility imposes limitations on the Company's ability to pay dividends or distributions on any equity interest, declare any stock splits or reclassifications of its stock, or apply any of its funds, property or assets to purchase, redeem or retire any of its equity interests or to purchase, redeem or retire any of its options to purchase any of its equity interests. As a result of the limitations contained in the Credit Facility, all of the net assets on the Company's unaudited condensed consolidated balance sheet as of March 29, 2020 are restricted in use. The Company's wholly owned subsidiaries are non-operating and do not hold any assets or liabilities; therefore, these subsidiaries have no restricted net assets within the meaning of Rule 4-08(e)(3) or Rule 12-04 of Regulation S-X. The Credit Facility also contains other customary covenants, representations and events of default. As of March 29, 2020, the Company was in compliance with all covenants under the Credit Facility.

Debt issuance costs associated with the Credit Facility are reflected as a reduction of the carrying value of long-term debt on the Company's unaudited condensed consolidated balance sheets and are being amortized to interest expense over the term of the Credit Facility using the effective interest method. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recognized interest expense of $86 and $158, respectively, which includes amortization of debt issuance costs of $10 and $9, respectively.

As of the periods presented, long-term debt, net of current portion, consisted of the following:

	December 29, 2019	March 29, 2020
Term Loan	$ 3,245	$ 3,077
Revolving Line of Credit	1,325	5,232
Equipment Loan	554	1,966
Less: current portion of long-term debt	(2,160)	(6,634)
Less: unamortized debt issuance costs	(68)	(59)
Long-term debt, net of current portion	$ 2,896	$ 3,582

Future principal payments for long-term debt as of March 29, 2020 are as follows:

For Fiscal Period	
2020 (remaining thirty nine weeks)	$ 6,307
2021	1,432
2022	2,536
Total	$ 10,275

Amounts outstanding under the Company's Revolving Line of Credit as of March 29, 2020 have been presented as current obligations under current portion of long-term debt in the Company's unaudited condensed consolidated balance sheets due to the Company's ability and intent to repay the amounts within the next twelve months. The Company repaid all amounts outstanding under the Revolving Line of Credit in April 2020.

10. Redeemable Convertible Preferred Stock

As of December 29, 2019 and March 29, 2020, the Company's amended and restated certificate of incorporation authorized the Company to issue 3,330,440 shares of Preferred Stock, par value $0.0001 per share.

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As of the dates presented, Preferred Stock consisted of the following:

	December 29, 2019				
	Preferred Stock Designated	Preferred Stock Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series B preferred stock	1,108,952	1,108,952	$ 4,377	$ 9,005	1,108,952
Series C preferred stock	1,001,816	1,001,816	7,639	12,002	1,001,816
Series D preferred stock	1,219,672	1,219,672	11,020	19,429	1,219,672
Total Preferred Stock	3,330,440	3,330,440	$ 23,036	$ 40,436	3,330,440

	March 29, 2020				
	Preferred Stock Designated	Preferred Stock Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series B preferred stock	1,108,952	1,108,952	$ 4,377	$ 9,005	1,108,952
Series C preferred stock	1,001,816	1,001,816	7,639	12,002	1,001,816
Series D preferred stock	1,219,672	1,219,672	11,020	19,429	1,219,672
Total Preferred Stock	3,330,440	3,330,440	$ 23,036	$ 40,436	3,330,440

The holders of the Preferred Stock have the following rights and preferences:

Voting: The holders of the Preferred Stock are entitled to the number of votes equal to the number of whole shares of the Company's common stock into which the shares of Preferred Stock held by such holder are convertible on such date. The holders of Preferred Stock shall vote together with the holders of the Company's common stock, as a single class, on all matters submitted to a vote of stockholders.

Liquidation: Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Series D preferred stock will be entitled to be paid out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of Series B preferred stock , Series C preferred stock or the Company's common stock by reason of their ownership thereof, an amount equal to the greater of (a) $15.93 per Share of Series D preferred stock , plus any dividends declared but unpaid thereon, and (b) such amount per share as would have been payable had all shares of Series D preferred stock been converted into common stock immediately prior to a liquidation, dissolution or deemed liquidation event; provided that, if upon any liquidation event the amount payable with respect to any Series D preferred stock are not paid in full, the holders thereof shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Series B preferred stock and Series C preferred stock will be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of the Company's common stock, an amount equal to the greater of (i) $8.12 per share of Series B preferred stock , plus any declared but unpaid dividends, or $11.98 per share of Series C preferred stock or (ii) such amount per share as would have been payable had all shares of Series B preferred stock and Series C preferred stock been converted into shares of the Company's common stock immediately prior to such liquidation, dissolution or deemed liquidation event; provided that, if upon any liquidation event the amounts payable with respect to any series of Series B Preferred

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Stock and Series C preferred stock , are not paid in full, the holders there of shall share ratably in all the assets available for payment in proportion to the full respective liquidation preference amount to which they are entitled. Upon completion of the distributions required above, the remaining assets of the Company available for distribution to its stockholders shall be distributed ratably to the holders of the Company's common stock.

Conversion: Each share of Preferred Stock is convertible into shares of the Company's common stock on a one-for-one basis, subject to appropriate adjustment in the event of any stock dividend, stock split or similar recapitalization, at the option of the stockholder and subject to adjustments in accordance with anti-dilution provisions. In addition, such shares will be converted automatically into shares of the Company's common stock at the then applicable conversion ratio upon the earlier of (i) a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (a "Qualified IPO"), or (ii) the occurrence of an event specified by vote or written consent of the holders of at least 66.66% of the then outstanding shares of Preferred Stock.

Dividends: Dividends are payable if and when declared by the Company's board of directors.

Redemption: The holders of the Company's Preferred Stock have no voluntary rights to redeem shares. A liquidation, dissolution or winding up of the Company would constitute a redemption event, which may be outside of the Company's control.

11. Common Stock and Common Stock Warrants

Common Stock: As of March 29, 2020, the Company's amended and restated certificate of incorporation authorized the Company to issue 16,401,856 shares of common stock, par value $0.0001 per share.

In March 2019, the Company issued and sold an aggregate of 572,157 shares of common stock at a purchase price of $13.1083 per share, for proceeds of $7,003, net of issuance costs of $497.

The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth above. Each share of the Company's common stock is entitled to one vote on all matters submitted to a vote of the Company's stockholders. Holders of the Company's common stock are entitled to receive dividends as may be declared by the Company's board of directors, if any, subject to the preferential dividend rights of Preferred Stock. No cash dividends had been declared or paid during the periods presented.

As of each balance sheet date, the Company had reserved shares of common stock for issuance in connection with the following:

	December 29, 2019	March 29, 2020
Conversion of outstanding shares of redeemable convertible preferred stock	3,330,440	3,330,440
Warrants to purchase common stock	80,000	80,000
Options to purchase common stock	2,200,432	1,998,077
Shares available for grant under the 2013 Incentive Plan	97,594	299,949
Total	5,708,466	5,708,466

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Common Stock Warrants: In June 2015, the Company issued a warrant to the guarantor of a line of credit agreement that was entered into in 2015 and matured and was repaid in full in 2017. The guarantor was also the Company's Chief Executive Officer. The warrant provided for the purchase of a total of 80,000 shares of the Company's common stock at an exercise price of $3.52 per share. As of March 29, 2020, the warrant has not yet been exercised. The warrant expires on the earlier of June 12, 2020 or the completion of the IPO. At the time of issuance, the Company classified the warrant as equity in its unaudited condensed consolidated balance sheets.

12. Stock-Based Compensation

As of March 29, 2020, 299,949 shares were available for future grants of the Company's common stock.

The following table summarizes the Company's stock option activity since December 29, 2019:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 29, 2019	2,200,432	$ 9.19	7.3	$ 60,059
Granted	—	$ —		
Exercised	(3,085)	$ 3.20		$ 84
Cancelled	(199,270)	$ 13.05		
Outstanding as of March 29, 2020	1,998,077	$ 8.81	6.7	$ 43,585
Options exercisable as of March 29, 2020	1,010,328	$ 5.18	4.6	$ 25,677
Options vested and expected to vest as of March 29, 2020	1,998,077	$ 8.81	6.7	$ 43,585

The fair value of shares vested during the fiscal quarter ended March 29, 2020 was $272.

During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recognized stock-based compensation expense of $143 and $448, respectively, in selling, general and administrative expenses in the unaudited condensed consolidated statements of operations.

As of March 29, 2020, total unrecognized compensation expense related to unvested stock options was $4,910, which is expected to be recognized over a weighted-average period of 2.1 years.

13. Income Taxes

The Company's effective tax rate for the fiscal quarters ended March 31, 2019 and March 29, 2020 was approximately 26% and 30%, respectively. The effective tax rates differ from the federal statutory rate of 21% principally as a result of nondeductible expenses, partially offset by a reversal of a valuation allowance during the fiscal quarter ended March 31, 2019, and nondeductible expenses for the fiscal quarter ended March 29, 2020.

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14. Net Income Per Share and Unaudited Pro Forma Net Income Per Share

Net Income Per Share

Basic and diluted net income per share attributable to Vital Farms, Inc. common stockholders were calculated as follows:

	Fiscal Quarter Ended	
	March 31, 2019	March 29, 2020
Numerator:		
Net income	$ 4,025	$ 1,934
Less: Net income (loss) attributable to noncontrolling interests	967	(11)
Net income attributable to Vital Farms, Inc. stockholders' — basic and diluted	3,058	1,945
Denominator:		
Weighted average common shares outstanding — basic	10,659,342	10,545,647
Weighted average effect of potentially dilutive securities:		
Effect of potentially dilutive stock options	499,369	1,143,573
Effect of potentially dilutive common stock warrants	49,892	69,184
Effect of potentially dilutive redeemable convertible preferred stock	3,330,440	3,330,440
Weighted average common shares outstanding — diluted	14,539,043	15,088,844
Net (loss) income per share attributable to Vital Farms, Inc. stockholders		
Basic	$ 0.29	$ 0.18
Diluted	$ 0.21	$ 0.13

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For the fiscal quarters ended March 31, 2019 and March 29, 2020, options to purchase 446,294 shares of common stock and 267,830 shares of common stock, respectively, were excluded from the computation of diluted net income per share attributable to Vital Farms Inc. common stockholders because including them would have been antidilutive.

Unaudited Pro Forma Net Income Per Share

The Company's unaudited pro forma basic and diluted net income per share attributable to Vital Farms, Inc. common stockholders' for the fiscal quarter ended March 29, 2020 has been prepared to give effect to the automatic conversion of the Preferred Stock into shares of common stock as if the qualified IPO had occurred on December 31, 2018:

	Fiscal Quarter Ended March 29, 2020
Numerator:	
Net income attributable to Vital Farms, Inc. stockholders - basic and diluted	$
Unaudited pro forma net loss attributable to Vital Farms, Inc. stockholders—basic and diluted	
Denominator:	
Weighted average common shares outstanding— basic	
Pro forma adjustment to reflect automatic conversion of redeemable convertible preferred stock as converted to common stock	
Unaudited pro forma weighted average common shares outstanding — basic	
Add: Weighted-average effect of potentially dilutive securities:	
Effect of potentially dilutive stock options	
Effect of potentially dilutive common stock warrants	
Unaudited pro forma weighted average common shares outstanding — diluted	
Unaudited pro forma net income per share attributable to Vital Farms, Inc. stockholders	
Basic	$
Diluted	$

15. Commitments and Contingencies

Operating Leases: As of March 29, 2020, the Company was leasing 9,082 square feet of office space and parking spaces in Austin, Texas. The lease expires in April 2026. The Company has the option to extend the lease agreement for successive periods of up to five years. The monthly lease payments, which include base rent charges of $19, are subject to periodic rent increases through April 2026.

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As of March 29, 2020, the Company was leasing warehouse space in Webb City, Missouri for 5,000 rentable pallet spaces. The Company has the option to exceed the 5,000 pallet spaces through December 31, 2021, the amended lease expiration date. The monthly lease payments include base rent charges of $55.

The Company recognizes rent expense on a straight-line basis over the respective lease period and has recorded deferred rent for rent expense incurred but not yet paid. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recognized rent expense, including associated common area maintenance charges, of $79 and $115, respectively.

As of March 29, 2020, future minimum lease payments under noncancelable operating leases are as follows:

2020 (remaining thirty nine weeks)	$ 740
2021	962
2022	311
2023	320
2024	329
Thereafter	454
Total	$3,116

Supplier Contracts: The Company purchases its egg inventories under long-term supply contracts with farms. Purchase commitments contained in these arrangements are variable dependent upon the quantity of eggs produced by the farms. Accordingly, there are no estimable future purchase commitments associated with these supplier contracts. In addition, substantially all of the Company's long-term supply contracts with farms contain components that meet the definition of embedded leases within the scope of Topic 840, *Leases*. These arrangements convey to the Company the right to control implicitly identified property, plant and equipment as it takes substantially all of the utility generated by these assets over the term of the arrangements at a variable price. As total purchase commitments contained in these arrangements are variable, the amounts attributable to the lease components are contingent rentals; there are no minimum lease payments associated with these long-term supply contracts. As the classification and timing of recognition of costs attributable to the eggs and embedded cost of the lease rentals are identical, the Company does not allocate the total purchase cost of eggs between the cost of the eggs and the embedded cost of the lease rentals or distinguish between them in its accounting records. The Company records the total purchase costs of eggs, which includes costs associated with the eggs and the corresponding costs of embedded lease rentals from the same arrangement, into inventory. These costs are expensed to cost of goods sold when the associated eggs are sold to customers. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recognized total costs associated with its long-term supply contracts with farms of $11,684 and $20,065, respectively, in cost of goods sold in the unaudited condensed consolidated statements of operations.

Indemnification Agreements: In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and its executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of March 29, 2020, the Company has not incurred any material costs as a result of such indemnifications.

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Litigation: The Company is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to its business, including those related to regulation, litigation, business transactions, employee-related matters and taxes, among others. When the Company becomes aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company records a liability for the loss. The liability recorded includes probable and estimable legal costs incurred to date and future legal costs to the point in the legal matter where the Company believes a conclusion to the matter will be reached. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the claim if the likelihood of a potential loss is reasonably possible.

In January 2019, Ovabrite Inc. ("Ovabrite") settled claims made pursuant to a lawsuit in which Ovabrite was the defendant and a countersuit in which Ovabrite was the plaintiff and recorded a related gain of $1,200, which is included in other income in the unaudited condensed consolidated statements of operations.

16. Related Party Transactions

Guarantor Warrant: The Company's executive chairman and former Chief Executive Officer (the "Guarantor") guaranteed the Company's obligations under a line of credit agreement that was entered into in 2015 and that matured and was repaid in full in 2017. The Company issued a warrant to purchase 80,000 shares of the Company's common stock at an exercise price of $3.52 to the Guarantor in exchange for his guaranty. See Note 11, "Common Stock and Common Stock Warrants." As of March 29, 2020, the warrant has not yet been exercised. The warrant expires on the earlier of June 12, 2020 or the completion of the IPO.

Ovabrite, Inc.: Ovabrite is a related party because its founders are stockholders of the Company, with the majority stockholder in Ovabrite also serving as the Company's executive chairman and member of the Company's board of directors. Since Ovabrite's incorporation in November 2016, the Company is deemed to have had a variable interest in Ovabrite, and Ovabrite is deemed to have been a VIE, of which the Company is the primary beneficiary. Accordingly, the Company has consolidated the results of Ovabrite since November 2016. All significant intercompany transactions between the Company and Ovabrite have been eliminated in consolidation.

Note Receivable from Related Parties: In February 2019, the Company issued promissory notes in the aggregate amount of $4,000 to its founder and to a former member of the board of directors that is currently a board observer, who are also stockholders of the Company. The promissory notes bear monthly interest at LIBOR plus 2.0% and mature on the earlier of August 7, 2022 or the date of closing of a liquidity transaction which is defined as a merger, consolidation or sale of the Company's assets or such time as the notes would be prohibited by the Sarbanes-Oxley Act ("Promissory Note Maturity Date"). All unpaid principal and accrued and unpaid interest are due on the Promissory Note Maturity Date. The borrower may prepay all or any portion of the promissory note at any time without premium or penalty. In November 2019, $3,200 of the promissory notes were repaid.

As March 29, 2020, the Company recorded $36 of interest receivable in the unaudited condensed consolidated balance sheets. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company did not receive any principal payments in connection with the promissory notes. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company recorded interest income of $23 and $5, respectively, in connection with the promissory notes.

Manna Tree Partners: In March 2019, the Company issued and sold an aggregate of 572,157 shares of common stock at a purchase price of $13.1083 per share, for an aggregate purchase price of $7,500, to entities associated

with Manna Tree Partners. The co-founder and chief operating officer of Manna Tree Partners is a member of the Company's board of directors.

Sandpebble Builders Preconstruction, Inc. The Company utilizes Sandpebble Builders Preconstruction, Inc. (Sandpebble) for project management and related services associated with the construction and expansion of Egg Central Station. The owner and principal of Sandpebble is the father of an executive of the Company. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company paid Sandpebble $97 and $223, respectively.

17. 401(K) Savings Plan

The Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company's contributions to the plan may be made at the discretion of management. During the fiscal quarters ended March 31, 2019 and March 29, 2020, the Company made contributions of approximately $58 and $89, respectively, to the plan.

18. Subsequent Events

Management has evaluated all subsequent events through May 29, 2020, the date these unaudited condensed consolidated financial statements were available for issuance.

In April 2020, the Company received loan proceeds of approximately $2,593 under the Paycheck Protection Program ("PPP") (the "PPP Loan"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Company elected not to use any of the PPP Loan proceeds of $2,593 and repaid the entire balance of the PPP Loan in April 2020.

In April 2020, the Company paid all amounts outstanding under the Revolving Line of Credit using cash provided by operations.

In May 2020, the Company entered into the Fifth Amendment to the Credit Facility ("Fifth Amendment Loan") which amended or waived certain terms and conditions under the Credit Facility. In addition, the Fifth Amendment Loan increased the maximum borrowing capacity of the Credit Facility to $22,700. The Fifth Amendment Loan also increased the maximum borrowing capacity under the Revolving Line of Credit to $15,000.

Shares

Common Stock

Goldman Sachs & Co. LLC **Morgan Stanley** **Credit Suisse**

Jefferies

BMO Capital Markets **Stifel**

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

SEC registration fee	$ 12,980
FINRA filing fee	15,500
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Custodian transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended or the Securities Act. Our amended and restated certificate of incorporation that will be in effect on the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect on the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of Vital Farms, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Vital Farms, Inc. At present, there is no pending litigation or proceeding involving a director or officer of Vital Farms, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding all unregistered securities sold since January 1, 2017:

(1) We have granted under our 2013 Plan options to purchase an aggregate of 1,275,432 shares of our common stock to a total of 50 employees, consultants and directors, having exercise prices ranging from $8.40 to $36.48 per share. 100,345 of the options granted under the 2013 Plan have been exercised at a weighted-average exercise price of $4.55 per share.

(2) In August 2017, we issued and sold an aggregate of 1,219,672 shares of our Series D convertible preferred stock to two accredited investors at a price per share of $9.1053 for an aggregate purchase price of $11,105,479.

(3) In March and April 2019, we issued and sold an aggregate of 1,144,314 shares of our common stock to one accredited investor at a purchase price of $13.1083 per share, for an aggregate purchase price of $15.0 million.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Regulation D or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Fourth Amended and Restated Certificate of Incorporation of Registrant, as amended, as currently in effect.
3.2	Form of Amended and Restated Certificate of Incorporation of Registrant, to be in effect on the completion of the offering.
3.3	Amended and Restated Bylaws of Registrant, as currently in effect.
3.4	Form of Amended and Restated Bylaws of Registrant, to be in effect on the completion of the offering.
4.1*	Form of Common Stock Certificate.
5.1*	Opinion of Cooley LLP.
10.1	Ninth Amended and Restated Stockholders Agreement, effective July 6, 2020.
10.2+	2013 Incentive Plan.
10.3+	Forms of Grant Notice, Stock Option Agreement and Stock Purchase Agreement under the 2013 Incentive Plan.
10.4+	2020 Equity Incentive Plan.
10.5+	Forms of Grant Notice, Stock Option Agreement and Notice of Exercise under the 2020 Equity Incentive Plan.
10.6+	Forms of Employee Restricted Stock Unit Grant Notice and Award Agreement under the 2020 Equity Incentive Plan.
10.7+	Forms of Non-Employee Director Restricted Stock Unit Grant Notice and Award Agreement under the 2020 Equity Incentive Plan.
10.8+	2020 Employee Stock Purchase Plan.

Exhibit Number	Description
10.9+	Form of Indemnity Agreement, by and between the Registrant and each director and executive officer.
10.10+	Non-Employee Director Compensation Policy.
10.11+	Amended and Restated Employment Agreement between the Registrant and Russell Diez-Canseco, dated as of July 9, 2020.
10.12+	Amended and Restated Offer Letter between the Registrant and Jason Dale, dated as of July 9, 2020.
10.13+	Amended and Restated Offer Letter between the Registrant and Scott Marcus, dated as of July 7, 2020.
10.14+	Offer Letter between the Registrant and Daniel Jones, dated as of January 28, 2020.
10.15	Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated October 4, 2017.
10.16	First Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated April 13, 2018.
10.17	Second Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated April 28, 2018.
10.18	Third Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated February 7, 2019.
10.19	Fourth Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated February 24, 2020.
10.20	Fifth Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated May 11, 2020.
10.21	Amended and Restated Revolving Credit Note executed and delivered by the Registrant and the Borrowers party thereto, dated May 11, 2020.
10.22	Sixth Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated June 18, 2020.
10.23	Amended and Restated Term Loan Note executed and delivered by the Registrant and the Borrowers party thereto, dated June 18, 2020.
10.24	Seventh Amendment to Revolving Credit, Term Loan and Security Agreement, by and between the Registrant, the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association (as Lender and as Agent), dated July 8, 2020.
16.1	Letter from RSM US LLP to the Securities and Exchange Commission, dated April 6, 2020.
21.1	List of Subsidiaries of Registrant.
23.1	Consent of KPMG LLP, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page to this registration statement).

* To be submitted by amendment.
\+ Indicates management contract or compensatory plan.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Austin, Texas, on July 9, 2020.

VITAL FARMS, INC.

By: /s/ Russell Diez-Canseco
Name: Russell Diez-Canseco
Title: President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Russell Diez-Canseco and Jason Dale, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pur

suant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Russell Diez-Canseco Russell Diez-Canseco	President, Chief Executive Officer and Director (Principal Executive Officer)	July 9, 2020
/s/ Jason Dale Jason Dale	Chief Operating Officer and Chief Financial Officer (Principal Financial and Accounting Officer)	July 9, 2020
/s/ Matthew O'Hayer Matthew O'Hayer	Executive Chairman and Director	July 9, 2020
/s/ Brent Drever Brent Drever	Director	July 9, 2020
/s/ Glenda Flanagan Glenda Flanagan	Director	July 9, 2020

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Signature	Title	Date
/s/ Kelly Kennedy Kelly Kennedy	Director	July 9, 2020
/s/ Karl Khoury Karl Khoury	Director	July 9, 2020
/s/ Denny Marie Post Denny Marie Post	Director	July 9, 2020
/s/ Gisel Ruiz Gisel Ruiz	Director	July 9, 2020

VITAL FARMS, INC.

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
VITAL FARMS, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Vital Farms, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Vital Farms, Inc., and that this corporation was originally incorporated under that name pursuant to the General Corporation Law by filing of a Certificate of Incorporation with the Secretary of State of Delaware on June 6, 2013, as amended and restated by that certain Third Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on April 5, 2017, as amended (the "**Existing Certificate of Incorporation**").

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Existing Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Existing Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Vital Farms, Inc. (the "**Corporation**").

SECOND: The address of its registered office in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations, including Public Benefit Corporations ("**PBCs**"), may be organized under the General Corporation Law of the State of Delaware (the "**DGCL**"), including without limitation the following public benefits: (i) bringing ethically produced food to the table; (ii) bringing joy to our customers through products and services; (iii) allowing crew members to thrive in an empowering, fun environment; (iv) fostering lasting partnerships with our farmers and suppliers; (v) forging an enduring profitable business; and (vi) being stewards of our animals, land, air, and water, and being supportive of our community.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is **19,732,296** shares, of which (a) **16,401,856** shares, par value $0.0001 per share, shall be designated as "Common Stock" (the "**Common Stock**"), and (b) **3,330,440** shares, par value $0.0001 per share, shall be designated as "Preferred Stock" (the "**Preferred Stock**"), of which (i) **1,108,952** shares shall be designated as "Series B Preferred Stock" (the "**Series B Preferred Stock**"), and (ii) **1,001,816** shares shall be designated as "Series C Preferred Stock" (the "**Series C Preferred Stock**"), and (iii) **1,219,672** shares shall be designated as "Series D Preferred Stock" (the "**Series D Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock

if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law. The holders of the Common Stock, the Series B Preferred Stock and the Series C Preferred Stock shall vote together as a single class for any and all votes required by Sections 242, 251, and 271 of the General Corporation Law, with holders of the Preferred Stock voting on an As Converted Basis (as defined below).

B. PREFERRED STOCK

Other than as specifically set forth in this Article Fourth, Part B to the contrary, the Preferred Stock shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to Sections and Subsections of Part B of this Article Fourth.

1. Dividends.

The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Applicable Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Preferred Stock dividend. The "**Applicable Original Issue Price**" shall mean: (i) with respect to the Series B Preferred Stock, (A) $4.05789 per share (the "**Series B Original Issue Price**"), (ii) with respect to the Series C Preferred Stock, $7.9855 per share (the "**Series C Original Issue Price**"), and (iii) with respect to the Series D Preferred Stock, $9.1053 per share (the "**Series D Original Issue Price**")in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event:

2.1.1 The holders of shares of Series D Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of the Series B Preferred Stock, the Series C Preferred Stock or the Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (a) 1.75 times the Series D Original Issue Price, plus any dividends declared but unpaid thereon, and (b) such amount per share as would have been payable had all shares of Series D Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (such amount payable referred to hereinafter as the "**Series D Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series D Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1.1, the holders of shares of Series D Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution had their respective minimum Applicable Liquidation Amounts (as defined below) been paid.

2.1.2 The holders of shares of Series B Preferred Stock and Series C Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of the Common Stock by reason of their ownership thereof, with respect to the Series B Preferred Stock, an amount per share equal to the greater of (a) two (2) times the Series B Original Issue Price, plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (such amount payable referred to hereinafter as the "**Series B Liquidation Amount**"), and with respect to Series C Preferred Stock, the greater of (x) one and one half (1.5) times the Series C Original Issue Price, or (y) such amount per share as would have been payable had all shares of Series C Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (such amount payable referred to hereinafter the "**Series C Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after payment of the Series D Liquidation Amount, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock and Series C Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1.2, the holders of shares of Series B Preferred Stock and Series C Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution had their respective minimum Applicable Liquidation Amounts (as defined below) been paid.

2.1.3 The "**Applicable Liquidation Amount**" shall mean, with respect to the Series B Preferred Stock, the Series B Liquidation Amount, with respect to the Series C Preferred Stock, the Series C Liquidation Amount, and with respect to the Series D Preferred Stock, the Series D Liquidation Amount.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of at least sixty percent (60%) of the outstanding shares of Preferred Stock, voting together as a single class on an As Converted Basis (the "**Requisite Holders**") elect otherwise by written notice sent to the Corporation at least 20 days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation

(c) a sale or other acquisition (excluding a merger or consolidation described in Subsection 2.3.1(a)(i) above), in a single transaction or series of related transactions, of a majority of the shares of capital stock of the Corporation outstanding immediately prior to such sale or acquisition, except any such sale or acquisition in which the shares of capital stock of the Corporation outstanding immediately prior to such sale or acquisition are sold or exchanged for shares of capital stock or other equity securities that represent, immediately following such sale or acquisition, at least a majority, by voting power, of the capital stock or other equity securities of (1) the acquiring entity, or (2) if the acquiring entity is a wholly owned subsidiary of another entity immediately following such merger or consolidation, the parent entity of such acquiring entity.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Preferred Stock based on the respective preferences set forth in Section 2.1, and (iii) if the Requisite Holders so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation)**,** together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event (the "**Redemption Date**"), to redeem all outstanding shares of Preferred Stock at prices per share equal to the Applicable Liquidation Amounts (the "**Redemption Price**") in accordance with the respective preferences set forth in Subsection 2.1. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall redeem each holder's shares of Preferred Stock in accordance with the respective preferences set forth in Subsection 2.1 to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. Prior to the distribution or redemption provided for in this Subsection 2.3.2.(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Provisions Applicable to Redemption. The following provisions shall apply to any redemption occurring pursuant to Subsection 2.3.2.:

(a) Redemption Notice. The Corporation shall send written notice of the redemption (the "**Redemption Notice**") to each holder of record of Preferred Stock not less than ten (10) days prior to the Redemption Date. Each Redemption Notice shall state:

(i) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(ii) the Redemption Date and the Redemption Price of the shares of Preferred Stock being so redeemed; and

(iii) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

(b) Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed on such Redemption Date, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against

the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(c) Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of any such certificate or certificates therefor.

2.3.4 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.3.5 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter (referred to herein as voting on an "**As Converted Basis**"). Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series B Preferred Stock and Series C Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The holders of record of the shares of the Common Stock and Preferred Stock, voting together as a single class on an As Converted Basis (the "**Voting Stockholders**"), shall be entitled to elect all of the directors of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the Voting Stockholders, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the Voting Stockholders fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to the first sentence of this Section 3.2, then any directorship not so filled shall remain vacant until such time as the Voting Stockholders elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the Voting Stockholders. Except as otherwise provided in this Section 3.2, a vacancy in any directorship filled by the Voting Stockholders shall be filled only by vote or written consent in lieu of a meeting of the Voting Stockholders or by any remaining directors.

3.3 Series B Preferred Stock Protective Provisions. At any time when shares of Series B Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1 alter or change the rights, preferences, privileges or restrictions provided for the benefit of the shares of Series B Preferred Stock to adversely affect the shares of Series B Preferred Stock;

3.3.2 (i) create, or authorize the creation of, or issue or obligate itself to issue shares of any equity security, including any other security convertible into or exercisable for any equity security, having rights, preferences or privileges on par with or senior to the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, unless such security is also on par with or senior to the Series C Preferred Stock, (ii) increase the authorized number of shares of either Series B Preferred Stock or Series C Preferred Stock;

3.3.3 (i) reclassify, alter or amend any security of the Corporation that is *pari passu* with the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference, or privilege, unless such security is also on par with or senior to the Series C Preferred Stock or (ii) reclassify, alter or amend any security of the Corporation that is junior to the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series B Preferred Stock in respect of any such right, preference or privilege, unless such security is also on par with or senior to the Series C Preferred Stock or (iii) reclassify, alter or amend the Series C Preferred Stock of the Corporation; or

3.3.4 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of Series C Preferred Stock.

3.4 Series C Preferred Stock Protective Provisions. At any time when shares of Series C Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.4.1 alter or change the rights, preferences, privileges or restrictions provided for the benefit of the shares of Series C Preferred Stock to adversely affect the shares of Series C Preferred Stock;

3.4.2 (i) create, or authorize the creation of, or issue or obligate itself to issue shares of any equity security, including any other security convertible into or exercisable for any equity security, having rights, preferences or privileges on par with or senior to the Series C Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, unless such security is also on par with or senior to the Series B Preferred Stock, (ii) increase the authorized number of shares of either Series B Preferred Stock or Series C Preferred Stock; or (iii) issue additional shares of Series B Preferred Stock, or (iv) issue additional shares of Series C Preferred Stock after the date hereof;

3.4.3 (i) reclassify, alter or amend any security of the Corporation that is *pari passu* with the Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series C Preferred Stock in respect of any such right, preference, or privilege, unless such security is also on par with or senior to the Series B Preferred Stock, (ii) reclassify, alter or amend any security of the Corporation that is junior to the Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series C Preferred Stock in respect of any such right, preference or privilege, unless such security is also on par with or senior to the Series B Preferred Stock, or (iii) reclassify, alter or amend the Series B Preferred Stock of the Corporation; or

3.4.4 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of Series B Preferred Stock.

3.5 Series D Preferred Stock Protective Provisions. At any time when shares of Series D Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.5.1 alter or change the rights, preferences, privileges or restrictions provided for the benefit of the shares of Series D Preferred Stock to adversely affect the shares of Series D Preferred Stock;

3.5.2 (i) create, or authorize the creation of, or issue or obligate itself to issue shares of any equity security, including any other security convertible into or exercisable for any equity security, having rights, preferences or privileges on par with or senior to the Series D Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, (ii) increase the authorized number of shares of Series D Preferred Stock; or (iii) issue additional shares of Series D Preferred Stock after the date hereof;

3.5.3 (i) reclassify, alter or amend any security of the Corporation that is *pari passu* with the Series D Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series D Preferred Stock in respect of any such right, preference, or privilege, (ii) reclassify, alter or amend any security of the Corporation that is junior to the Series D Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series D Preferred Stock in respect of any such right, preference or privilege, or (iii) reclassify, alter or amend the Series D Preferred Stock of the Corporation;

3.5.4 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of Series B Preferred Stock or Series C Preferred Stock; or

3.5.5 effect the closing of the first sale of Common Stock of the Company to the public effected pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933, as amended (an "**IPO**") (whether or not such IPO is a Qualified IPO).

3.6 Preferred Stock Protective Provisions. At any time when shares of Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of, (i) in the case of Subsection 3.6.1 and Subsection 3.6.2, holders of at least a majority of the then outstanding shares of Series B Preferred Stock and Series C Preferred Stock, voting together as a single class on an As Converted Basis, (ii) and in the case of all other Subsections of this Subsection 3.6, the Requisite Holders, given in writing or by vote at a meeting, consenting or voting (as the case may be), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.6.1 (i) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with the Series B Preferred Stock and/or Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to both the Series B Preferred Stock and the Series C Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series B Preferred Stock and/or Series C Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with both the Series B Preferred Stock and the Series C Preferred Stock in respect of any such right, preference or privilege;

3.6.2 create, or authorize the creation of, or issue or obligate itself to issue shares of any equity security, including any other security convertible into or exercisable for any equity security, having rights, preferences or privileges on par with or senior to both the Series B Preferred Stock and Series C Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;

3.6.3 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

3.6.4 authorize the issuance of more than 1,414,333 shares of the Company's common stock, in the aggregate (as adjusted for stock splits, stock dividends, reverse splits, share combinations and the like) under the terms of the Company's 2013 Incentive Plan or any other employee equity plan approved by the Company's shareholders and Board of Directors;

3.6.5 increase or decrease the authorized number of directors constituting the Board of Directors;

3.6.6 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary; or

3.6.7 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series B Preferred Stock, the Series C Preferred Stock, or the Series D Preferred Stock.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Applicable Original Issue Price by the Applicable Conversion Price (as defined below) in effect at the time of conversion. The "**Applicable Conversion Price**" shall mean: (i) with respect to the Series B Preferred Stock, (A) $4.05789 per share (the "**Series B Conversion Price**"), (ii) with respect to the Series C Preferred Stock, $7.9855 per share (the "**Series C Conversion Price**"), and with respect to the Series D Preferred Stock, $9.1053 per share (the "**Series D Conversion Price**"). Such initial Applicable Conversion Price, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or

any number of such holder's shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b) if such holder's shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Applicable Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the corresponding Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Applicable Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Applicable Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Applicable Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Options**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series D Original Issue Date**" shall mean the date on which the first share of Series D Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series D Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8**;**

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation;

(vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors of the Corporation;

(vii) shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board of Directors of the Corporation; or

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board of Directors of the Corporation.

4.4.2 No Adjustment of Applicable Conversion Price. No adjustment in the Applicable Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from (i) in the case of an adjustment to the Series B Conversion Price, a majority of the then outstanding shares of Series B Preferred Stock, (ii) in the case of an adjustment to the Series C Conversion Price, a majority of the then outstanding shares of Series C Preferred Stock, and/or (ii) in the case of an adjustment to the Series D Conversion Price, a majority of the then outstanding shares of Series D Preferred Stock, agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series D Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Applicable Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Applicable Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Applicable Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Applicable Conversion Price to an amount which exceeds the lower of (i) the Applicable Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Applicable Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Applicable Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Applicable Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series D Original Issue Date), are revised after the Series D Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Applicable Conversion Price pursuant to the terms of Subsection 4.4.4, the Applicable Conversion Price shall be readjusted to such Applicable Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Applicable Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange

of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Applicable Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Applicable Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Applicable Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series D Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Applicable Conversion Price in effect immediately prior to such issue, then the Applicable Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-thousandth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the Applicable Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP_1" shall mean the Applicable Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Applicable Conversion Price pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than six (6) months from the first such issuance to the final such issuance, then, upon the final such issuance, the Applicable Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series D Original Issue Date effect a subdivision of the outstanding Common Stock, the Applicable Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series D Original Issue Date combine the outstanding shares of Common Stock, the Applicable Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this Subsection 4.5 shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series D Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Applicable Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Applicable Conversion Price shall be adjusted pursuant to this Subsection 4.6 as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series D Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the General Corporation Law in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of any class or series of Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Applicable Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than twenty (20) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than twenty (20) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Applicable Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) subject to Subsection 3.5.5, the closing of the sale of shares of Common Stock to the public at a price of at least $23.96 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (a "**Qualified IPO**"), or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least 66.66% of the then outstanding shares of Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1. and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

7. Waiver. Any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the Requisite Holders, except for the series voting rights set forth in Sections 3.3 and 3.4.

8. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by the Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by the Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not, and has not been, an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is, or has been, an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

TWELFTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

THIRTEENTH: Any disinterested failure by a director to satisfy section 365(a) of the DGCL shall not, for the purposes of §102(b)(7) or §145 of the DGCL and Articles NINTH and TENTH hereof, constitute an act or omission by such director not in good faith, or a breach of the duty of loyalty by such director. Any repeal or modification of the foregoing provisions of this Article THIRTEENTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Fourth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Fourth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 5th day of July 2020.

By: /s/ Russell Diez-Canseco
Russell Diez-Canseco,
President and Chief Executive Officer

Exhibit 3.2

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
VITAL FARMS, INC.
A PUBLIC BENEFIT CORPORATION

Russell Diez-Canseco hereby certifies that:

ONE: The original date of filing the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was June 6, 2013.

TWO: He is the duly elected and acting Chief Executive Officer of **VITAL FARMS, INC.**, a Delaware corporation.

THREE: The Amended and Restated Certificate of Incorporation, attached hereto as Exhibit A, is incorporated herein by reference, and restates, integrates and further amends the provisions of the Amended and Restated Certificate of Incorporation as previously amended or supplemented.

FOUR: This Amended and Restated Certificate of Incorporation has been duly authorized in accordance with Sections 228, 242 and 245 of the DGCL.

Vital Farms, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer on _____, 2020.

VITAL FARMS, INC.

By: _____
Russell Diez-Canseco
Chief Executive Officer

EXHIBIT A

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
VITAL FARMS, INC.
A PUBLIC BENEFIT CORPORATION

I.

The name of this company is Vital Farms, Inc. (the "***Company***").

II.

The address of the registered office of the Company in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808, and the name of the registered agent of the Company in the State of Delaware at such address is Corporation Service Company.

III.

The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which corporations, including Public Benefit Corporations, may be organized under the General Corporation Law of the State of Delaware ("***DGCL***"), including without limitation the following public benefits: (i) bringing ethically produced food to the table; (ii) bringing joy to our customers through products and services; (iii) allowing crew members to thrive in an empowering, fun environment; (iv) fostering lasting partnerships with our farmers and suppliers; (v) forging an enduring profitable business; and (vi) being stewards of our animals, land, air and water, and being supportive of our community.

IV.

A. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares that the Company is authorized to issue is [•] shares, [•] shares of which shall be Common Stock and [•] shares of which shall be Preferred Stock. The Preferred Stock shall have a par value of $0.0001 per share and the Common Stock shall have a par value of $0.0001 per share.

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Company is hereby expressly authorized by resolution or resolutions to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares of such shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase (but not above the authorized number of shares of Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series.

C. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

D. Except as provided above, the rights, preferences, privileges, restrictions and other matters relating to the Common Stock are as follows:

1. Voting Rights. Each holder of shares of Common Stock shall be entitled to one vote for each share thereof held. Except as required by law, the holders of Preferred Stock and Common Stock shall vote together and not as separate series or classes. Except as otherwise required by applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the certificate of incorporation of the Company, as amended and/or restated from time to time, including the terms of any certificate of designations of any series of Preferred Stock (the "***Certificate of Incorporation***") that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or applicable law.

2. Redemption. The Common Stock is not redeemable.

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. Board of Directors.

1. Generally. Except as otherwise provided in the Certificate of Incorporation or the DGCL, the business and affairs of the Company shall be managed by or under the direction of the Board of Directors. The number of directors that shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors.

2. Election.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Company's initial public offering (the "***Initial Public Offering***"), the initial term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the Initial Public Offering, the initial term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the Initial Public Offering, the initial term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

(b) No stockholder entitled to vote at an election for directors may cumulate votes.

(c) Notwithstanding the foregoing provisions of this section, each director shall serve until his successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Election of directors need not be by written ballot unless the Bylaws so provide.

3. Removal of Directors. Subject to the rights of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the Initial Public Offering, neither the Board of Directors nor any individual director may be removed without cause. Subject to any limitation imposed by applicable law, any individual director or directors may be removed with cause by the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

4. Vacancies. Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the Board of Directors by a majority of the directors then in office, although less than a quorum, or by the sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

5. Preferred Directors. Notwithstanding anything herein to the contrary, during any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more series, have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Company shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions; and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total authorized number of directors of the Company shall be reduced accordingly.

B. Stockholder Actions. No action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws of the Company.

C. Bylaws. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

VI.

A. The liability of the directors of the Company for monetary damages for breach of fiduciary duty as a director shall be eliminated to the fullest extent permitted under applicable law.

B. To the fullest extent permitted by applicable law, the Company may provide indemnification of (and advancement of expenses to) directors, officers, and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (A) any derivative action or proceeding brought on behalf of the Company; (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Company or any stockholder to the Company or the Company's stockholders; (C) any action or proceeding asserting a claim against the Company or any current or former director, officer or other employee of the Company or any stockholder arising pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws of the Company (as each may be amended from time to time); (D) any action or proceeding to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws of the Company (including any right, obligation or remedy thereunder); (E) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (F) any action asserting a claim against the Company or any director, officer or other employee of the Company or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This Section E of Article VI shall not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "***1933 Act***"), the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

B. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America, to the fullest extent permitted by law, shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under 1933 Act.

C. Any person or entity purchasing, holding, owning or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article VII.

VIII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of the Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote required by law or by the Certificate of Incorporation, the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal Articles III, V, VI and VII.

Exhibit 3.3

SECOND AMENDED AND RESTATED BYLAWS

OF

VITAL FARMS, INC.

These SECOND AMENDED AND RESTATED BYLAWS of Vital Farms, Inc., a Delaware corporation, amend and restate in their entirety the Bylaws of the corporation previously adopted by the corporation's Board of Directors.

ARTICLE I

OFFICES

SECTION 1.01. *Registered Office.* The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle, and the name of its registered agent shall be Corporation Service Company.

SECTION 1.02. *Other Offices.* The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 2.01. *Annual Meeting.* The annual meeting of stockholders for the election of directors, and for the transaction of any other proper business, shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

SECTION 2.02. *Special Meeting.* Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Company's certificate of incorporation (as may be amended from time to time, the "**Certificate of Incorporation**"), may be called at any time by the Chairman of the Board, the Chief Executive Officer or the President of the corporation or by the Board of Directors or by written order of a majority of the directors and shall be called by the President, the Chief Executive Officer or the Secretary at the request in writing of stockholders owning not less than ten percent (10%) of the capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purposes of the proposed meeting.

SECTION 2.03. *Place of Meeting.* All meetings of stockholders shall be held at such place, if any, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of such meeting. The Board of Directors may, in its sole discretion and subject to such guidelines and procedures as the Board of Directors may from time to time adopt, determine that the meeting shall not be held at any specific place, but may instead be held solely by means of remote communication.

SECTION 2.04. *Notice of Meeting.* Written or other proper notice of any meeting of stockholders, stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meetings, and, in the case of a special meeting, the purpose or purposes thereof, shall be given to each stockholder entitled to vote thereat, not less than ten (10) nor more than sixty (60) days before the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 2.05. *Voting List.* The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a specific place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

SECTION 2.06. *Quorum.* At any meeting of the stockholders, the holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation or by these bylaws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 2.07. *Voting*. When a quorum is present at any meeting of the stockholders, the vote of the holders of a majority of the shares entitled to vote on the subject matter and present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of (i) applicable statutes, (ii) the Certificate of Incorporation, (iii) any agreement among the stockholders or (iv) these bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Except as otherwise provided in the Certificate of Incorporation and/or any agreement among the stockholders, each stockholder entitled to vote at any meeting of the stockholders shall be entitled to one vote for each share of capital stock held by the stockholder.

SECTION 2.08. *Proxies*. Each stockholder entitled to vote at a meeting of the stockholders may authorize, by an instrument in writing subscribed by such stockholder, bearing a date not more than three (3) years prior to voting, unless such instrument provides for a longer period, and filed with the Secretary of the corporation before, or at the time of the meeting, another person or persons to act for him by proxy.

SECTION 2.09. *Consent of Stockholders*. Unless otherwise provided in the Certificate of Incorporation or any agreement among the stockholders, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated, for the purposes of this Section to the extent permitted by law.

SECTION 2.10. *Voting of Stock of Certain Holders*. Shares of the corporation’s capital stock standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe, or in the absence of such provision, as the Board of Directors of such corporation may determine. Shares standing in the name of a deceased person may be voted by the executor or administrator of such deceased person, either in person or by proxy. Shares standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy, but no such fiduciary shall be entitled to vote shares held in such fiduciary capacity without a transfer of such shares into the name of such fiduciary. Shares standing in the name of a receiver may be voted by such receiver. A stockholder whose shares are pledged shall be entitled to vote such shares, unless in the transfer by the pledgor on the books of the corporation, he or she has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his or her proxy, may represent the stock and vote thereon.

SECTION 2.11. *Treasury Stock*. The corporation shall not vote, directly or indirectly, shares of its own capital stock owned by it; and such shares shall not be counted in determining the total number of outstanding shares of the corporation's capital stock.

SECTION 2.12. *Fixing Record Date*. The Board of Directors may fix in advance a date, which shall not be more than sixty (60) days nor less than ten (10) days preceding the date of any meeting of stockholders, nor more than sixty (60) days preceding the date for payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change, or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining a consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed, shall be entitled to such notice of, and to vote at, any such meeting and any adjournment thereof, or to receive payment of such dividend or distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.01. *Powers*. The business and affairs of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or any agreement among the stockholders or by these bylaws directed or required to be exercised or done by the stockholders.

SECTION 3.02. *Number, Election and Term*. Unless otherwise provided in the Certificate of Incorporation and/or an agreement among the stockholders, the number of directors shall be fixed from time to time by the Board of Directors. Directors need not be stockholders. Each director shall hold office until his successor is elected and qualified, or until his earlier death or resignation or removal in the manner hereinafter provided. Subject to the provisions of the Certificate of Incorporation and/or an agreement among the stockholders regarding the election of directors, at each meeting of the stockholders for the election of directors at which a quorum is present, the persons receiving the greatest number of votes, up to the number of directors to be elected, of the stockholders present in person or by proxy and entitled to vote thereon shall be the directors; provided, however, that for purposes of such vote no stockholder shall be allowed to cumulate his votes. Election of directors may be conducted in any manner approved at such meeting unless otherwise required by law.

SECTION 3.03. *Vacancies, Additional Directors, and Removal from Office*. Any director or the entire Board of Directors may be removed, with or without cause, at any time, by vote of the stockholders entitled to elect such director under the Certificate of Incorporation, an agreement among the stockholders or these bylaws, or by written consent of such stockholders pursuant to Section 2.09 of Article II. Vacancies occurring on the Board of Directors for any reason may be filled by vote of the stockholders entitled to elect such director under the Certificate of Incorporation, an agreement among the stockholders or these bylaws.

SECTION 3.04. *Resignation*. Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. A resignation from the Board of Directors shall be deemed to take effect immediately upon receipt of such notice or at such other time as the director may specify in the notice.

SECTION 3.05. *Regular Meetings*. A regular meeting of the Board of Directors shall be held each year, without other notice than this bylaw, at the place of, and immediately following, the annual meeting of stockholders; and other regular meetings of the Board of Directors may be held at such places (within or without the State of Delaware), if any, and at such times as the Board of Directors may provide, by resolution, without other notice than such resolution.

SECTION 3.06. *Special Meetings*. A special meeting of the Board of Directors may be called by the Chairman of the Board of Directors, by the President of the corporation or the Chief Executive Officer of the corporation and shall be called by the Secretary on the written request of any director. Notice of special meetings of the Board of Directors shall be given to each director at least forty-eight (48) hours prior to the time of such meeting and shall be given in writing or by electronic transmission. Each such notice shall state the time and place (within or without the State of Delaware), if any, of the meeting but need not state the purposes thereof, except that notice shall be given of any proposed amendment to the bylaws if it is to be adopted at any special meeting or with respect to any other matter where notice is required by statute or by these bylaws.

SECTION 3.07. *Quorum*. A majority of the Board of Directors (including at least two “Investor Directors” as defined in the Stockholders Agreement) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation, by any agreement among the stockholders, or by these bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3.08. *Communications*. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

SECTION 3.09. *Action Without Meeting*. Unless otherwise restricted by the Certificate of Incorporation, any agreement among the stockholders, or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof as provided in Article IV of these bylaws, may be taken without a meeting, if all the members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.10. *Compensation*. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. Nothing herein shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

COMMITTEE OF DIRECTORS

SECTION 4.01. *Designation, Powers and Name*. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, including, if they shall so determine, an Executive Committee, each such committee to consist of one or more of the directors of the corporation and at least two Investor Directors as such term is defined in the Stockholders Agreement. The committee shall have and may exercise such of the powers of the Board of Directors in the management of the business and affairs of the corporation as may be provided in such resolution. The committee may authorize the seal of the corporation to be affixed to all papers that may require it. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she, or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names and such limitations of authority as may be determined from time to time by resolution adopted by the Board of Directors.

SECTION 4.02. *Minutes*. Each committee of directors shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

SECTION 4.03. *Compensation*. Members of special or standing committees may be allowed compensation for attending committee meetings, if the Board of Directors shall so determine.

ARTICLE V

NOTICE

SECTION 5.01. *Methods of Giving Notice*. Whenever, under the provisions of applicable statutes, the Certificate of Incorporation or these bylaws, notice is required to be given to any director, member of any committee or stockholder, it shall not be necessary that personal notice be given, and such notice may be given in writing, by mail, addressed to such director, member, or stockholder at his or her address as it appears on the records of the corporation or at his or her residence or usual place of business, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice also may be given in any other proper form, as authorized by the Delaware General Corporation Law. Notice that is given by facsimile shall be deemed delivered when sent to a number at which any director, member or stockholder has consented to receive such notice. Notice by telegram or cablegram shall be deemed to be given when the same shall be filed. Notice that is given in person or by telephone shall be deemed to be given when the same shall be delivered. Without limiting the manner by which notice otherwise may be given effectively to any director, member or stockholder, any notice given under any provision of these bylaws shall be effective if given by a form of electronic transmission consented to by such person. Notice given by electronic mail shall be deemed delivered when directed to an electronic mail address at which such person has consented to receive notice and notice given by a posting on an electronic network together with separate notice to such person of such specific posting shall be deemed delivered upon the later of (a) such posting and (b) the giving of such separate notice. Notice given by any other form of electronic transmission shall be deemed given when directed to any director, member or stockholder in the manner consented to by such director, member or stockholder.

SECTION 5.02. *Waiver*. Whenever any notice is required to be given under the provisions of an applicable statute, the Certificate of Incorporation, or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI

OFFICERS

SECTION 6.01. *Officers*. The officers of the corporation shall be a President, one or more Vice Presidents, any one or more of which may be designated Executive Vice President or Senior Vice President, a Secretary and a Treasurer. The Board of Directors may appoint such other officers and agents, including a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, Assistant Vice Presidents, Assistant Secretaries, and Assistant Treasurers, in each case as the Board of Directors shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined by the Board. Any two or more offices may be held by the same person. The Chairman and Vice Chairman of the Board, if any, shall be elected from among the directors. With the foregoing exceptions, none of the other officers need be a director, and none of the officers need be a stockholder of the corporation.

SECTION 6.02. *Election and Term of Office*. The officers of the corporation shall be elected annually by the Board of Directors at its first regular meeting held after the annual meeting of stockholders or as soon thereafter as conveniently possible. Each officer shall hold office until his or her successor shall have been chosen and shall have qualified or until his or her death or the effective date of his or her resignation or removal, or until he or she shall cease to be a director in the case of the Chairman and the Vice Chairman.

SECTION 6.03. *Removal and Resignation*. Any officer or agent elected or appointed by the Board of Directors may be removed without cause at any time by the Board of Directors. Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.04. *Vacancies*. Any vacancy occurring in any office of the corporation by death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 6.05. *Salaries*. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors or pursuant to its direction; and no officer shall be prevented from receiving such salary by reason of his or her also being a director.

SECTION 6.06. *Chairman of the Board*. The Chairman of the Board (if such office is created by the Board) shall preside at all meetings of the Board of Directors or of the stockholders of the corporation. The Chairman shall formulate and submit to the Board of Directors or the Executive Committee matters of general policy for the corporation and shall perform such other duties as usually appertain to the office or as may be prescribed by the Board of Directors or the Executive Committee.

SECTION 6.07. *Vice Chairman of the Board*. The Vice Chairman of the Board (if such office is created by the Board) shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board. The Vice Chairman shall perform such other duties as from time to time may be prescribed by the Board of Directors or the Executive Committee or assigned by the Chairman of the Board.

SECTION 6.08. *President; Chief Executive Officer*. The President and the Chief Executive Officer (if such office is created by the Board), which posts may be held by the same or different persons, shall be the chief executive officers of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control the business and affairs of the corporation. In the absence of the Chairman of the Board or the Vice Chairman of the Board (if such offices are created by the Board), the President or the Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. Either such person may also preside at any such meeting attended by the Chairman or Vice Chairman of the Board if he or she is so designated by the Chairman, or in the Chairman's absence by the Vice Chairman. Both shall have the power to appoint and remove subordinate officers, agents, and employees, except those elected or appointed by the Board of Directors. The President and the Chief Executive Officer both shall keep the Board of Directors and the Executive Committee fully informed and shall consult them concerning the business of the corporation. Either may sign certificates for shares of the corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts, or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these bylaws or by the Board of Directors to some other officer or agent of the corporation, or shall be required by law to be otherwise executed. Either shall vote, or give a proxy to any other officer of the corporation to vote, all shares of stock of any other corporation standing in the name of the corporation and in general he or she shall perform all other duties normally incident to the office of President or Chief Executive Officer, as the case may be, and such other duties as may be prescribed by the stockholders, the Board of Directors or the Executive Committee from time to time.

SECTION 6.09. *Vice Presidents*. In the absence of the President and the Chief Executive Officer, or in the event of their inability or refusal to act, the Executive Vice President (or in the event there shall be no Vice President designated Executive Vice President, any Vice President designated by the Board) shall perform the duties and exercise the powers of the President and the Chief Executive Officer. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation. The Vice Presidents shall perform such other duties as from time to time may be assigned to them by the President, the Chief Executive Officer or the Board of Directors.

SECTION 6.10. *Secretary*. The Secretary shall (a) keep the minutes of the meetings of the stockholders, the Board of Directors and committees of directors; (b) see that all notices are duly given in accordance with the provisions of these bylaws and as required by law; (c) be custodian of the corporate records and of the seal of the corporation, and see that the seal of the corporation or a facsimile thereof is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; (d) keep or cause to be kept a

register of the post office address of each stockholder which shall be furnished by such stockholder; (e) sign with the President, the Chief Executive Officer or an Executive Vice President or Vice President, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general, perform all duties normally incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President, the Chief Executive Officer or the Board of Directors.

SECTION 6.11. *Treasurer*. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Section 7.03 of these bylaws; (c) prepare, or cause to be prepared, for submission at each regular meeting of the Board of Directors, at each annual meeting of the stockholders, and at such other times as may be required by the Board of Directors, the President, or the Chief Executive Officer, a statement of financial condition of the corporation in such detail as may be required; and (d) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President, the Chief Executive Officer or the Board of Directors.

SECTION 6.12. *Assistant Secretary and Treasurer*. The Assistant Secretaries and Assistant Treasurers shall, in general, perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President, the Chief Executive Officer, the Board of Directors, or the Executive Committee. The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or Treasurer, respectively, perform all functions and duties which such absent officers may delegate, but such delegation shall not relieve the absent officer from the responsibilities and liabilities of his or her office. The Assistant Secretaries may sign, with the President, the Chief Executive Officer or a Vice President, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

ARTICLE VII

CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. *Contracts.* Subject to the provisions of Section 6.01, the Board of Directors may authorize any officer, officers, agent, or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 7.02. *Checks*. All checks, demands, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as shall be determined by the Board of Directors.

SECTION 7.03. *Deposits*. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE VIII

CERTIFICATES OF STOCK

SECTION 8.01. *Issuance*. Each stockholder of this corporation shall be entitled to a certificate or certificates showing the number of shares of capital stock registered in his or her name on the books of the corporation. The certificates shall be in such form as may be determined by the Board of Directors, shall be issued in numerical order and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the President, the Chief Executive Officer, or a Vice President and by the Secretary or an Assistant Secretary. The same person shall be permitted to sign a single stock certificate in more than one capacity. If any certificate is countersigned (a) by a transfer agent other than the corporation or any employee of the corporation, or (b) by a registrar other than the corporation or any employee of the corporation, any other signature on the certificate may be a facsimile. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences, and relative participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class of stock; provided that, except as otherwise provided by statute, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish to each stockholder who so requests the designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and rights. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in the case of a lost, stolen, destroyed, or mutilated certificate a new one may be issued therefor upon such terms and with such indemnity, if any, to the corporation as the Board of Directors may prescribe. Certificates shall not be issued representing fractional shares of stock.

SECTION 8.02. *Lost Certificates*. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its

discretion and as a condition precedent to the issuance thereof, require (1) the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require, (2) such owner to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate or certificates alleged to have been lost, stolen, or destroyed, or (3) both.

SECTION 8.03. *Transfers*. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books. Transfers of shares shall be made only on the books of the corporation by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney and filed with the Secretary of the corporation or the Transfer Agent.

SECTION 8.04. *Registered Stockholders*. The corporation shall be entitled to treat the holder of record of any share or shares of the corporation's capital stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE IX

DIVIDENDS

SECTION 9.01. *Declaration*. Subject to the provisions of the Certificate of Incorporation or any agreement among the stockholders, dividends with respect to the shares of the corporation's capital stock may be declared by the Board of Directors at any regular or special meeting, pursuant to applicable law. Dividends may be paid in cash, in property, or in shares of capital stock, subject to the provisions of the Certificate of Incorporation and any agreement among the stockholders.

SECTION 9.02. *Reserve*. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interest of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

INDEMNIFICATION

SECTION 10.01. *Third Party Actions*. The corporation shall indemnify any director or officer of the corporation, and may indemnify any other person, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 10.02. *Actions by or in the right of the corporation*. The corporation shall indemnify any director or officer, and may indemnify any other person, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Chancery or such other court shall deem proper.

SECTION 10.03. *Mandatory Indemnification*. To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 10.01 and 10.02, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 10.04. *Determination of Conduct.* Any indemnification under Section 10.01 or 10.02 of this Article X (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 10.01 or 10.02 of this Article X. Such determination shall be made (a) by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders.

SECTION 10.05. *Payment of Expenses in Advance*. Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit, or proceeding will be paid by the corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized in this Article X. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate, provided that such expenses (including attorneys' fees) incurred by former non-employee directors will be paid upon the same terms and conditions as for active directors.

SECTION 10.06. *Indemnity Not Exclusive*. The indemnification and advancement of expenses provided or granted hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any other bylaw, agreement, vote of stockholders, or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

SECTION 10.07. *Definitions.* For purposes of this Article X:

(a) "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article X with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued;

(b) "other enterprises" shall include employee benefit plans;

(c) "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan;

(d) "serving at the request of the corporation" shall include any service as a director, officer, employee, or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and

(e) a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article X.

SECTION 10.08. *Continuation of Indemnity*. The indemnification and advancement of expenses provided or granted hereunder shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person

SECTION 10.09. *Primacy of Indemnification*. The corporation hereby acknowledges that those seeking and/or entitled to indemnification hereunder (each, an "Indemnitee") may have certain rights to indemnification, advancement of expenses and/or insurance provided by third parties, including private equity funds, investment funds and/or certain of their affiliates (collectively, the "Fund Indemnitors"). The corporation hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to any Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by any Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of the Certificate of Incorporation of the corporation or these bylaws (or any other agreement between the corporation and any such Indemnitee), without regard to any rights that an Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The corporation further agrees that no advancement or payment by the Fund Indemnitors on behalf of any Indemnitee with respect to any claim for which an Indemnitee has sought indemnification from the corporation shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of an Indemnitee against the corporation. The corporation agrees that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 10.09.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. *Seal*. The corporate seal, if one is authorized by the Board of Directors, shall have inscribed thereon the name of the corporation, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

SECTION 11.02. *Books*. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at the offices of the corporation, or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 11.03. *Right of First Refusal*. Except as provided in that certain Fifth Amended and Restated Stockholders Agreement dated December 3, 2015 (the "Stockholders Agreement"), as may be further amended and/or amended and restated from time to time (which Stockholders Agreement shall control any transfer of shares of Common Stock by the parties to that agreement rather than the provisions of this Section 11.03), and subject to the exclusions described in Section 11.03(h), no stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of common stock of the corporation ("Common Stock") or any right or interest therein held by such stockholder, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw.

(a) If the stockholder receives from anyone a bona fide offer acceptable to the stockholder to purchase any Common Stock held by such stockholder, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares of Common Stock to be transferred, the price per share and all other terms and conditions of the offer

(b) For fifteen (15) days following receipt of such notice, the corporation or its assigns shall have the option to purchase all or, with the consent of the stockholder, any lesser part of the Common Stock specified in the notice at the price and upon the terms set forth in such bona fide offer. In the event the corporation elects to purchase all or, as agreed by the stockholder, a lesser part, of the Common Stock, it shall give written notice to the selling stockholder of its election and settlement for said Common Stock shall be made as provided below in paragraph (c).

(c) In the event the corporation elects to acquire any of the Common Stock of the selling stockholder as specified in said selling stockholder's notice, the Secretary of the corporation shall so notify the selling stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said selling stockholder's notice; provided that if the terms of payment set forth in said selling stockholder's notice were other than cash against delivery, the corporation shall pay for said Common Stock on the same terms and conditions set forth in said selling stockholder's notice.

(d) In the event the corporation does not elect to acquire all of the Common Stock specified in the selling stockholder's notice, said selling stockholder may, within the sixty (60) day period following the expiration of the option rights granted to the corporation, sell elsewhere the Common Stock specified in said selling stockholder's notice which were not acquired by the corporation, in accordance with the provisions of paragraph (c) of this bylaw, provided that said sale shall not be on terms and conditions more favorable to the purchaser than those contained in the bona fide offer set forth in said selling stockholder's notice. All Common Stock so sold by said selling stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(e) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all Common Stock held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family. "Immediate family" as used herein shall mean spouse (including, without limitation, any domestic partner or partner by virtue of same-sex marriage and/or civil union), lineal or adopted descendent, father, mother, brother, or sister of the stockholder making such transfer.

(2) A stockholder's bona fide pledge or mortgage of any Common Stock with a commercial lending institution, provided that any subsequent transfer of said Common Stock by said institution shall be conducted in the manner set forth in this bylaw.

(3) A stockholder's transfer of any or all of such stockholder's Common Stock to any other stockholder of the corporation.

(4) A stockholder's transfer of any or all of such stockholder's Common Stock to a person who, at the time of such transfer, is an officer or director of the corporation.

(5) A corporate stockholder's transfer of any or all of its Common Stock pursuant to and in accordance with the terms of any merger, consolidation, reclassification of Common Stock or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder.

(6) A corporate stockholder's transfer of any or all of its Common Stock to any or all of its stockholders or to such stockholder's subsidiaries.

(7) A transfer of any or all of the Common Stock held by a stockholder which is a limited or general partnership to any or all of its partners.

In any such case, the transferee, assignee, or other recipient shall receive and hold such Common Stock subject to the provisions of this bylaw, and there shall be no further transfer of such Common Stock except in accord with this bylaw.

(f) Any sale or transfer, or purported sale or transfer, of Common Stock shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed

(g) The foregoing right of first refusal shall terminate on either of the following dates, whichever shall first occur:

(1) The closing of the sale of Common Stock of the corporation is first offered to the public in a firm commitment underwritten public offering pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933, as amended; or

(2) Upon any deemed liquidation event (as may be defined in the Corporation's Certificate of Incorporation).

The certificates representing the Common Stock which are subject to this Article XI shall bear the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION, AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(h) The provisions of this bylaw Section 11.03 shall not apply to (i) any transfer of shares of Preferred Stock of the corporation or any transfer of shares of Common Stock issued upon conversion thereof, (ii) any transfer of up to 1,700,000 shares of Common Stock by existing stockholders to Inherent Partners, LP, Bowie Strategic Investments, Inc., or any other third party investor on or prior to January 31, 2016, (iii) any transfer of shares of Common Stock described in clause (ii), and/or (iv) any transfer of shares of Common Stock by the parties to the Stockholders Agreement.

SECTION 11.04. *Order of Precedence*. In the event of a conflict in the provisions of the (i) the Certificate of Incorporation, (ii) any agreement among the stockholders or (iii) these bylaws, the Certificate of Incorporation shall control over any conflicting provision in an agreement among the stockholders or these bylaws, and any agreement among the stockholders shall control over any conflicting provision in these bylaws.

ARTICLE XII

SECTION HEADINGS

The headings contained in these bylaws are for reference purposes only and shall not be construed to be part of and shall not affect in any way the meaning or interpretation of these bylaws.

ARTICLE XIII

AMENDMENT

These bylaws may be altered, amended, or repealed or new bylaws may be adopted by a majority of the number of directors then constituting the Board of Directors at any regular meeting of the Board of Directors without prior notice, or at any special meeting of the Board of Directors if notice of such alteration, amendment, or repeal be contained in the notice of such special meeting, or by the written consent of the Board of Directors pursuant to Section 3.09 of Article III, except as otherwise provided by statute, by the Certificate of Incorporation or by these bylaws.

ARTICLE XIV

JURISDICTION

Unless the corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's

stockholders, (iii) any action asserting a claim against the corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article XIV shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article XIV (including, without limitation, each portion of any sentence of this Article XIV containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

* * *End* * *

Exhibit 3.4

AMENDED AND RESTATED BYLAWS

OF

VITAL FARMS, INC.
(A DELAWARE PUBLIC BENEFIT CORPORATION)

July __, 2020

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AMENDED AND RESTATED BYLAWS

OF

VITAL FARMS, INC.
(A DELAWARE PUBLIC BENEFIT CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be as set forth in the Certificate of Incorporation.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. If adopted, the corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the General Corporation Law of the State of Delaware ("***DGCL***").

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and proposals of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors or a duly authorized committee thereof; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice

procedures set forth in Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "***1934 Act***"), and the rules and regulations thereunder before an annual meeting of stockholders).

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting in accordance with the procedures below.

(1) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee; (2) the principal occupation or employment of such nominee; (3) the class or series and number of shares of each class or series of capital stock of the corporation that are owned beneficially and of record by such nominee; (4) the date or dates on which such shares were acquired and the investment intent of such acquisition; (5) a statement whether such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors; and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the corporation's proxy statement and associated proxy card as a nominee of the stockholder and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve (i) as an independent director (as such term is used in any applicable stock exchange listing requirements or applicable law) of the corporation or (ii) on any committee or sub-committee of the Board of Directors under any applicable stock exchange listing requirements or applicable law, and that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(2) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(3) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; *provided, however,* that, subject to the last sentence of this Section 5(b)(iii), in the event that no annual meeting was held during the preceding year or the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received (A) not earlier than the close of business on the 120th day prior to such annual meeting and (B) not later than the close of business on the later of the 90th day prior to such annual meeting or, if later than the 90th day prior to such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(4) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "***Proponent***" and collectively, the "***Proponents***"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class or series and number of shares of each class of capital stock of the corporation that are owned of record and beneficially by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous 12-month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

(c) A stockholder providing the written notice required by Section 5(b)(i) or 5(b)(ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five Business Days (as defined below) prior to the meeting and, in the event of any adjournment thereof, five Business Days prior to such adjourned meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five Business Days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two Business Days prior to the date for the meeting, and, in the event of any adjournment thereof, two Business Days prior to such adjourned or postponed meeting.

(d) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) or clause (iii) of Section 5(a). Except as otherwise required by law, the Chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination or such business may have been solicited or received.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided*, *however*, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a).

(f) Notwithstanding anything herein to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation at the annual meeting is increased, effective after the time period for which nominations would otherwise be due under Section 5(b)(iii), and there is no public announcement by the corporation naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(g) For purposes of Sections 5 and 6,

(1) "***affiliates***" and "***associates***" shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the "***1933 Act***");

(2) "***Business Day***" means any day other than Saturday, Sunday or a day on which banks are closed in New York City, New York.

(3) "***Derivative Transaction***" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial: (A) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation; (B) that otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation; (C) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes; or (D) that provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the corporation, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member; and

(4) "***public announcement***" shall mean disclosure in a press release reported by the Dow Jones Newswires, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act or by such other means reasonably designed to inform the public or security holders in general of such information including, without limitation, posting on the corporation's investor relations website.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by the Board of Directors.

(b) For a special meeting called pursuant to Section 6(a), the person(s) calling the meeting shall determine the time and place, if any, of the meeting; provided, however, that only the Board of Directors or a duly authorized committee thereof may authorize a meeting solely by means of remote communication. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7. No business may be transacted at a special meeting otherwise than as specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or a duly authorized committee thereof or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who is entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i) and the information required by Section 5(b)(iv). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if written notice setting forth the information required by Section 5(b)(i) and the information required by Section 5(b)(iv) shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which the corporation first makes a public announcement of the date of the special meeting at which directors are to be elected. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(d) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) or clause (iii) of Section 5(a). Except as otherwise required by law, the Chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in these Bylaws and, if any nomination or business is not in compliance with these Bylaws, to declare that such nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination may have been solicited or received.

(e) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a- 8 under the 1934 Act; *provided, however,* that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(c).

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not fewer than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If sent via electronic transmission, notice is given when directed to such stockholder's electronic mail address. Notice of the time, place, if any, and purpose of any meeting of stockholders (to the extent required) may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the Chairperson of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat and entitled to vote thereon, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, by applicable stock exchange rules, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by statute, by applicable stock exchange rules or by the Certificate of Incorporation or these Bylaws, a majority of the voting power of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute, by applicable stock exchange rules or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority (plurality, in the case of the election of directors) of voting power of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the person(s) who called the meeting or the Chairperson of the meeting, or by the vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote thereon. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three years from its date of creation unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one votes, his or her act binds all; (b) if more than one votes, the act of the majority so voting binds all; (c) if more than one votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in DGCL Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action without Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, without prior notice and without a vote only to the extent permitted by and in the manner provided in the Certificate of Incorporation and in accordance with applicable law.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed, is absent or refuses to act, the Chief Executive Officer, or, if no Chief Executive Officer is then serving, is absent or refuses to act, the President, or, if the President is absent or refuses to act, a Chairperson of the meeting designated by the Board of Directors, or, if the Board of Directors does not designate such Chairperson, a Chairperson chosen by a majority of the voting power of the stockholders entitled to vote, present in person or by proxy duly authorized, shall act as Chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as Chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer, director or other person directed to do so by the Chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the Chairperson of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the Chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the Chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation.

Section 16. Powers. Except as otherwise provided in the Certificate of Incorporation or the DGCL, the business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

Section 17. Classes of Directors. The directors shall be divided into classes as and to the extent provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 18. Vacancies. Vacancies on the Board of Directors shall be filled as provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the resignation shall be effective at the time of delivery of the resignation to the Secretary. When one or more directors shall resign from the Board of

Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal. Subject to the rights of holders of any series of Preferred Stock to elect additional directors under specified circumstances, the Board of Directors or any individual director may be removed only in the manner specified in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 21. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer or the Board of Directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be given orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by U.S. mail, it shall be sent by first class mail, postage prepaid at least three days before the date of the meeting. Notice of any special meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of any meeting will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 22. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 44 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the directors currently serving on the Board of Directors in accordance with the Certificate of Incorporation; *provided, however,* at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission. The consent or consents shall be filed with the minutes of proceedings of the Board of Directors or committee.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, including, if so approved, by resolution of the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation

from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any regular or special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such regular or special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee. Unless the Board of Directors shall otherwise provide, each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article IV of these Bylaws.

Section 26. Duties of Chairperson of the Board of Directors and Lead Independent Director.

(a) The Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(b) The Chairperson of the Board of Directors, or if the Chairperson is not an independent director, one of the independent directors, may be designated by the Board of Directors as lead independent director to serve until replaced by the Board of Directors ("***Lead Independent Director***"). The Lead Independent Director will perform such other duties as may be established or delegated by the Board of Directors.

Section 27. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a Chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 28. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility.

Section 29. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors or the Lead Independent Director has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors, the Lead Independent Director or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors (or the Chief Executive Officer, if the Chief Executive Officer and President are not the same person and the Board of Directors has delegated the designation of the President's duties to the Chief Executive Officer) shall designate from time to time.

(d) Duties of Vice Presidents. A Vice President may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant (unless the duties of the President are being filled by the Chief Executive Officer). A Vice President shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(g) Duties of Treasurer. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer (if not Treasurer) shall designate from time to time.

Section 30. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 31. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 32. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by unanimous written consent of the directors in office at the time, or by any committee or the Chief Executive Officer or any other superior officer upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 33. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by applicable law or these Bylaws, and such execution or signature shall be binding upon the corporation. All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do. Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 34. Voting of Securities Owned by the Corporation. All stock and other securities and interests of other corporations and entities owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 35. Form and Execution of Certificates.

(a) The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Certificates for shares of stock shall note conspicuously that that the corporation is a public benefit corporation formed pursuant to Subchapter XV of the DGCL. Any notice given by the corporation pursuant to Section 151(f) of the DGCL upon the issuance or transfer of uncertificated shares shall state conspicuously that the corporation is a public benefit corporation formed pursuant to Subchapter XV of the DGCL.

(b) Every holder of stock in the corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of, the corporation by any two authorized officers of the corporation, certifying the number of shares owned by such holder in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 36. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 37. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 38. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than 60 nor fewer than ten days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board of Directors may fix a new record date for the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 39. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 40. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 35), may be signed by any executive officer (as defined in Article XI) or any other officer or person as may be authorized by the Board of Directors; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by an executive officer of the corporation or such other officer or person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 41. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 42. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 43. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 44. Indemnification of Directors, Executive Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "***executive officers***" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent permitted by the DGCL or any other applicable law as it presently exists or may hereafter be amended, who was or is made or is threatened to be made a party or is otherwise involved in proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by person; *provided, however,* that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers, in which case such contract shall supersede and replace the provisions hereof; and, *provided, further,* that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d) of this Section 44.

(b) Other Officers, Employees and Other Agents. The corporation shall have the power to indemnify (including the power to advance expenses in a manner consistent with subsection (c) of this Section 44) its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (d) of this section 44, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within 90 days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim to the fullest extent permitted by law. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(1) The term "***proceeding***" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term "***expenses***" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the "***corporation***" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a "***director***," "***executive officer***," "***officer***," "***employee***," or "***agent***" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to "***other enterprises***" shall include employee benefit plans; references to "***fines***" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "***serving at the request of the corporation***" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the corporation***" as referred to in this section.

ARTICLE XII

NOTICES

Section 45. Notices.

(a) Notice to Stockholders. Notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by U.S. mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a) or as otherwise provided in these Bylaws, with notice other than one which is delivered personally to be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under the DGCL, any notice given under the provisions of the DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within 60 days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 46. Amendments. Subject to the limitations set forth in Section 44(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of these Bylaws by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

LOANS TO OFFICERS

Section 47. Loans to Officers. Except as otherwise prohibited by applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

ARTICLE XV

PUBLIC BENEFIT CORPORATION PROVISIONS

Section 48. Required Statement in Stockholder Meeting Notice. The corporation shall include in every notice of a meeting of stockholders a statement to the effect that it is a public benefit corporation under Subsection XV of the DGCL.

Section 49. Periodic Statements. The corporation shall no less than biennially provide the stockholders with a statement as to the corporation's promotion of the public benefit or public benefits identified in the Certificate of Incorporation and of the best interests of those materially affected by the corporation's conduct. The statement shall include: (i) the objectives the Board of Directors has established to promote such public benefit or public benefits and interests; (ii) the standards the Board of Directors has adopted to measure the corporation's progress in promoting such public benefit or public benefits and interests; (iii) objective factual information based on those standards regarding the corporation's success in meeting the objectives for promoting such public benefit or public benefits and interests; and (iv) an assessment of the corporation's success in meeting the objectives and promoting such public benefit or public benefits and interests.

Exhibit 10.1

VITAL FARMS, INC.

NINTH AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

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NINTH AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

This Ninth Amended and Restated Stockholders Agreement (this "**Agreement**"), is made and entered into as of July 6, 2020 (the "**Effective Date**") by and among Vital Farms, Inc., a Delaware public benefit corporation (the "**Company**"), those persons identified on Schedule A attached hereto (each, a "**Key Holder**" and collectively, the "**Key Holders**"), those entities identified on Schedule B attached hereto (each, a "**SJF Investor**" and collectively, the "**SJF Investors**"), those persons and entities identified on Schedule C attached hereto (each, an "**Investeco Investor**" and collectively, the "**Investeco Investors**"), the entity identified on Schedule D attached hereto (the "**Arborview Investor**"), the entity identified on Schedule E hereto (the "**Inherent Investor**"), the entity identified on Schedule F hereto (the "**Bowie Investor**"), those persons and entities identified on Schedule G attached hereto (each, an "**Individual Investor**" and collectively, the "**Individual Investors**"), the entity identified on Schedule H attached hereto (the "**Sunrise Investor**"), and the entity identified on Schedule I attached hereto (the "**Manna Investor**").

The the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor are referred to herein individually as an "**Investor**" and collectively as the "**Investors**." The Key Holders, the Investors and the Individual Investors are referred to herein individually as a "**Stockholder**" and collectively as the "**Stockholders**."

RECITALS:

The Company and certain of the Stockholders are parties to that certain Seventh Amended and Restated Stockholders Agreement and that certain Eighth Amended and Restated Stockholders Agreement (collectively, the "**Prior Agreement**"), and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to the Prior Agreement desire to amend and restate the Prior Agreement in its entirety and to accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises, covenants and conditions hereinafter set forth, the parties hereto, severally and not jointly, hereby agree as follows:

1. Definitions. Except as otherwise defined within the context of this Agreement, capitalized terms in this Agreement shall have their respective meanings defined in this Section 1.

"**Affiliate**" shall have the meaning assigned in Rule 405 promulgated by the SEC under the Securities Act.

"Arborview Director" shall mean that director appointed by the Arborview Investor pursuant to and in accordance with the terms of this Agreement.

"**Arborview Investor**" shall have the meaning ascribed in the preamble.

"**Arborview Investor's Shares**" shall mean the shares of Common Stock and Preferred Stock held by the Arborview Investor on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Arborview Purchase Agreement**" means the Stock Purchase Agreement by and among the Company and Arborview Capital Partners LP, among others, dated September 19, 2014.

"**Arborview Requisite Amount**" shall mean 458,969 shares of Common Stock and Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**As Converted Common Stock**" means, as to each Stockholder, the aggregate of (a) the number of shares of Common Stock held by such Stockholder, plus (b) the number of shares of Common Stock issuable (as of the date of determination) upon conversion of all shares of Preferred Stock held by such Stockholder.

"**Board**" shall mean the Board of Directors of the Company.

"**Bowie Director**" shall mean that director appointed by the Bowie Investor pursuant to and in accordance with the terms of this Agreement.

"**Bowie Investor**" shall have the meaning ascribed in the preamble.

"**Bowie Investor's Shares**" shall mean the shares of Common Stock and Preferred Stock held by the Bowie Investor on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Bowie/Inherent Purchase Agreement**" means the Stock Purchase Agreement by and among the Company, the Bowie Investor and the Inherent Investor, among others, dated December 3, 2015.

"**Bowie Requisite Amount**" means 250,454 shares of Common Stock and Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**Bylaws**" shall mean the Bylaws of the Company then in effect, as may be amended from time to time.

"**Certificate of Incorporation**" shall mean the Certificate of Incorporation of the Company then in effect, as may be amended from time to time.

"**Common Stock**" shall mean the shares of common stock, $0.001 par value per share, of the Company.

"**Company Stock Incentive Plan**" shall have the meaning ascribed in Subsection 4.1(a).

"**Competitor**" means any person which, in the reasonable judgment of the Board, is engaged in or associated or affiliated with a business which is competitive to the Company's business; it being understood that the Bowie Investor shall not be deemed a Competitor based upon the engagement of its Affiliate, Whole Foods Markets, Inc., in the operation of natural foods supermarkets which may offer for sale the products of Competitors.

"**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

"**Deemed Liquidation Event**" shall have the meaning assigned to such term in the Certificate of Incorporation.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

"**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

"**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"**Founder**" shall mean Mr. Matthew O'Hayer.

"**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

"**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

"**Inherent Director**" shall mean that director appointed by the Inherent Investor pursuant to and in accordance with the terms of this Agreement.

"**Inherent Investor**" shall have the meaning ascribed in the preamble.

"**Inherent Investor's Shares**" shall mean the shares of Common Stock and Preferred Stock held by the Inherent Investor on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Inherent Requisite Amount**" means 250,454 shares of Common Stock and Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**Investeco Director**" shall mean that director appointed by the Investeco Investors pursuant to and in accordance with the terms of this Agreement.

"**Investeco Investors**" shall have the meaning ascribed in the preamble.

"**Investeco Investors' Shares**" shall mean the shares of Common Stock and Preferred Stock held by the Investeco Investors on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Investeco Purchase Agreement**" means the Stock Purchase Agreement by and among the Company and the Investeco Investors, among others, dated June 30, 2014.

"**Investeco Requisite Amount**" shall mean 601,303 shares of Common Stock and/or Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

"**Investor Directors**" shall mean the Arborview Director, the Investeco Director, the SJF Director, the Inherent Director, the Bowie Director, the Sunrise Director, and the Manna Director, if any.

"**IPO**" shall mean the closing of the first sale of Common Stock of the Company to the public effected pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act.

"**Key Holder Registrable Securities**" means (i) the Shares of Common Stock held by the Key Holders, (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of such shares, and (iii) any Common Stock issued or issuable upon the conversion or exercise of any warrant, right or other security held by a Key Holder.

"**Key Holders' Shares**" shall mean the shares of Common Stock held by the Key Holders on the date hereof (and the transferees or assignees thereof) or hereinafter acquired.

"**Majority Vote**" shall mean the holders of a majority of the Company's Common Stock and Preferred Stock, voting together as a single class on an as-converted basis, excluding unvested shares of Common Stock, if any.

"**Manna Director**" shall mean that director appointed by the Manna Investor pursuant to and in accordance with the terms of this Agreement.

"**Manna Investor**" shall have the meaning ascribed in the preamble.

"**Manna Investor's Shares**" shall mean the shares of Common Stock and Preferred Stock held by the Manna Investor on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Manna Purchase Agreement**" means the Common Stock Purchase Agreement, dated as of March 5, 2019, by and between the Company and the Manna Investor.

"**Manna Requisite Amount**" shall mean 381,438 shares of Common Stock and/or Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**Permitted Transferee**" shall mean (i) in the case of any Stockholder who is an individual, (A) a spouse, parents, grandparents, children, siblings, nieces, nephews, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- or sisters-in-law of such individual and (B) any trust for the benefit of the foregoing; (ii) in the case of any Stockholder that is a partnership, (A) any of the limited partners, general partners, retired limited partners or retired general partners of such partnership and (B) any Affiliate of such partnership or any Affiliate of the general partner(s) of such partnership; (iii) in the case of any Stockholder that is a corporation, (A) any stockholder or former stockholder of such corporation and (B) any Affiliate of such corporation; (iv) in the case of any Stockholder that is a limited liability company, (A) any member or retired member of such limited liability company and (B) any Affiliate of such limited liability company; and (v) in the case of any Stockholder that is a trust, (A) any of the trustees or beneficiaries of such trust and (B) any Affiliate of such trust or Affiliate of the trustees of such trust; *provided, however,* that in the case of clauses (ii), (iii), (iv) and (v), that such transferee is not known to the Stockholder to be a Competitor of the Company after consultation with the Company.

"**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

"**Preferred Stock**" shall mean the shares of the Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock.

"**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of th**e** Preferred Stock held by an Investor; (ii) any Common Stock currently outstanding, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company acquired by the Investors after the date hereof; and (iii) the Key Holder Registrable Securities, provided, however, that such Key Holder Registrable Securities shall not be deemed Registrable Securities and the Key Holders shall not be deemed Holders for the purposes of Subsections 11.1, and 11.10, excluding in all cases, however, any shares for which registration rights have terminated pursuant to Subsection 11.11 of this Agreement.

"**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

"**SEC**" shall mean the Securities and Exchange Commission.

"**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 11.6.

"**Series B Preferred Stock**" means the shares of Series B Preferred Stock, $0.001 par value per share, of the Company.

"**Series C Preferred Stock**" means the shares of Series C Preferred Stock, $0.001 par value per share, of the Company.

"**Series D Preferred Stock**" means the shares of Series D Preferred Stock, $0.001 par value per share, of the Company.

"**Shares**" shall mean the Arborview Investor's Shares, the Investeco Investors' Shares, the SJF Investors' Shares, the Inherent Investor's Shares, the Bowie Investor's Shares, the Individual Investors' Shares, the Sunrise Investor's Shares, the Manna Investor's Shares and the Key Holders' Shares.

"**SJF Closing**" means the closing date of the transactions under the SJF Purchase Agreement.

"**SJF Director**" shall mean that director appointed by the SJF Investors pursuant to and in accordance with the terms of this Agreement.

"**SJF Investors**" shall have the meaning ascribed in the preamble.

"**SJF Investors' Shares**" shall mean the shares of Common Stock and Preferred Stock held by the SJF Investors on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**SJF Purchase Agreement**" means the Stock Purchase Agreement by and between the Company and the SJF Investors dated June 11, 2013.

"**SJF Requisite Amount**" shall mean 722,414 shares of Common Stock and/or Preferred Stock taken together, as adjusted for stock splits, combinations, recapitalizations and the like.

"**Stockholder**" and "**Stockholders**" as defined in the first paragraph of this Agreement.

"Sunrise Director" shall mean that director appointed by the Sunrise Investor pursuant to and in accordance with the terms of this Agreement.

"**Sunrise Investor**" shall have the meaning ascribed in the preamble.

"**Sunrise Investor's Shares**" shall mean the shares of Preferred Stock held by the Sunrise Investor on the date hereof or hereinafter acquired (and the transferees or assignees thereof).

"**Sunrise Purchase Agreement**" means the Stock Purchase Agreement by and between the Company and the Sunrise Investor dated April 3, 2017.

"**Sunrise Requisite Amount**" shall mean 549,131 shares of Preferred Stock, as adjusted for stock splits, combinations, recapitalizations and the like.

2. Limitations on Disposition of Capital Stock.

2.1 No Disposition. Each Stockholder hereby agrees not to make any disposition of Shares or any right, warrant or option to acquire Shares, or any security convertible into Shares, to a Competitor or otherwise in violation of this Agreement. In addition, each Stockholder agrees not to make any disposition of any such Shares, or any such right, warrant or option or convertible security unless and until:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) such Stockholder shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, such Stockholder shall, at the expense of such Stockholder or its transferee, furnish the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition shall not require registration of such Shares under the Securities Act.

The restrictions under Subsection 2.1 of this Agreement shall expire and terminate (i) immediately prior to an IPO or (ii) upon a Deemed Liquidation Event, whichever event occurs first.

2.2 Legends. It is understood that the instruments evidencing the capital stock subject to this Agreement shall bear legends substantially similar to the legends set forth below (in addition to any legend required under applicable state securities laws):

(a) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER UNITED STATES FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE COMPANY, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM, SUCH COMPLIANCE, AT THE OPTION OF THE COMPANY, TO BE EVIDENCED BY AN OPINION OF STOCKHOLDER'S COUNSEL, IN A FORM ACCEPTABLE TO THE COMPANY, THAT NO VIOLATION OF SUCH REGISTRATION PROVISIONS WOULD RESULT FROM ANY PROPOSED TRANSFER OR ASSIGNMENT."

(b) The following legend shall apply to Key Holders' Shares only: "THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RIGHTS AND LIMITATIONS CONTAINED IN, AND MAY BE TRANSFERRED ONLY IN COMPLIANCE WITH, A STOCKHOLDERS AGREEMENT, AS AMENDED AND RESTATED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE OFFICE OF THE COMPANY AND MAY BE PROVIDED UPON WRITTEN REQUEST FREE OF CHARGE."

The legend set forth in (a) and (b) above shall be removed and the Company shall issue a certificate without such legend to the holder of the Shares upon which it is stamped, if, unless otherwise required by federal or state securities laws, (i) such Shares are registered for resale under the Securities Act, or (ii) in connection with a sale, assignment or other transfer, such holder provides the Company with an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such sale, assignment or transfer of the Shares may be made without registration under the applicable requirements of the Securities Act and without the need for one or more of the legends referenced in this Subsection 2.2 to be applied to the certificate issued to the transferee of the Shares.

3. Affirmative Covenants of the Company. The Company hereby covenants and agrees as follows:

3.1 Information Rights. For so long as the SJF Investors hold in the aggregate at least the SJF Requisite Amount, the Company shall deliver to the Board and the SJF Investors, and for so long as the Investeco Investors hold in the aggregate at least the Investeco Requisite Amount, the Company shall deliver to the Board and the Investeco Investors, and for so long as the Arborview Investor holds in the aggregate at least the Arborview Requisite Amount, the Company shall deliver to the Board and the Arborview Investor, and for so long as the Inherent Investor holds in the aggregate at least the Inherent Requisite Amount, the Company shall deliver to the Board and the Inherent Investor, and for so long as the Bowie Investor holds in the aggregate at least the Bowie Requisite Amount, the Company shall deliver to the Board and the Bowie Investor, and for so long as the Sunrise Investor holds in the aggregate at least the Sunrise Requisite Amount, the Company shall deliver to the Board and the Sunrise Investor, and for so long as the Manna Investor holds in the aggregate at least the Manna Requisite Amount, the Company shall deliver to the Board and the Manna Investor: (a) unaudited monthly financial statements within thirty (30) days of the end of each calendar month prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments; (b) unaudited quarterly financial statements within forty-five (45) days of the end of each fiscal quarter (except for the fourth (4th) quarter) prepared in accordance with generally accepted accounting principles consistently applied, subject

to normal year-end audit adjustments; (c) annual audited financial statements within one hundred eighty (180) days after the end of each fiscal year prepared in accordance with generally accepted accounting principles consistently applied; and (d) copies of the Company's annual business and financial plan at least thirty (30) days prior to each fiscal year. Such financial statements shall include consolidated balance sheets of the Company and its subsidiaries as at the end of such fiscal period and consolidated statements of operations and consolidated statements of cash flows of the Company and its subsidiaries for such fiscal period, all in reasonable detail, and as to audited financial statements, certified by independent public auditors selected by the Board of Directors and as to unaudited financial statements, certified by the chief financial officer of the Company.

3.2 Inspection.

(a) For so long as the SJF Investors hold in the aggregate at least the SJF Requisite Amount, the Company shall permit each SJF Investor, at such SJF Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by a SJF Investor.

(b) For so long as the Investeco Investors hold in the aggregate at least the Investeco Requisite Amount, the Company shall permit each Investeco Investor, at such Investeco Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by an Investeco Investor.

(c) For so long as the Arborview Investor holds in the aggregate at least the Arborview Requisite Amount, the Company shall permit the Arborview Investor, at the Arborview Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Arborview Investor.

(d) For so long as the Inherent Investor holds in the aggregate at least the Inherent Requisite Amount, the Company shall permit the Inherent Investor, at the Inherent Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Inherent Investor.

(e) For so long as the Bowie Investor holds in the aggregate at least the Bowie Requisite Amount, the Company shall permit the Bowie Investor, at the Bowie Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Bowie Investor.

(f) For so long as the Sunrise Investor holds in the aggregate at least the Sunrise Requisite Amount, the Company shall permit the Sunrise Investor, at the Sunrise Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Sunrise Investor.

(g) For so long as the Manna Investor holds in the aggregate at least the Manna Requisite Amount, the Company shall permit the Manna Investor, at the Manna Investor's expense, other than a Competitor, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Manna Investor.

3.3 Confidentiality of Company Information. Each Stockholder acknowledges that the information received by such Stockholder pursuant to this Agreement may be confidential, and it will not use such confidential information in violation of the Exchange Act or in a manner detrimental to the Company, or reproduce, disclose or disseminate such information to any other person (other than, with the exception of the Bowie Investor, the Bowie Director, the Inherent Investor and/or the Inherent Director, its employees or agents having a need to know the contents of such information, and its attorneys and who agree to keep such information confidential pursuant to this Subsection 3.3), except in connection with the exercise of rights under this Agreement or its rights as a Stockholder, unless such confidential information (i) is on the date of disclosure publicly available, (ii) becomes after the date of disclosure publicly available other than as a result of a disclosure by such Stockholder where such disclosure constitutes a breach of this Agreement or any related nondisclosure agreement, (iii) is on the date of disclosure or becomes after the date of disclosure known by or available to such Stockholder on a nonconfidential basis from a source (other than the Company) which, to the actual knowledge of such Stockholder, is not prohibited from disclosing such information to such Stockholder by a statutory, regulatory, contractual or fiduciary obligation or (iv) is after the date hereof developed by such Stockholder independent of any information furnished by or on behalf of or obtained from the Company. The Company acknowledges that representatives of Whole Foods Market, Inc. (the parent corporation of the Bowie Investor) and its Affiliates may obtain access to the confidential information disclosed to the Bowie Investor as part of the regular financial and accounting processes and controls for the monitoring and reporting of investments made by Whole Foods Market, Inc. and its subsidiaries. Notwithstanding any provision of this Agreement to the contrary, the Bowie Investor acknowledges and agrees that the Company may withhold certain confidential information of its customers and vendors from the Bowie Investor and the Bowie Director to the extent such withholding is reasonably deemed necessary by the Company to fulfill contractual and/or fiduciary obligations regarding the confidential and/or proprietary information of its customers or vendors.

3.4 Board Meetings; Committees. The Board shall meet no less frequently than once a calendar quarter unless otherwise agreed to by a vote of the majority of the directors, which majority must include the affirmative vote of the Manna Director. Each committee appointed by the Board shall consist of at least two (2) Investor Directors.

3.5 Observer Rights. For so long as the SJF Investors hold in the aggregate at least the SJF Requisite Amount, the SJF Investors shall have the right to have one representative, who shall not be a Competitor, selected by the SJF Investors attend meetings of the Board by phone or in person (the "**SJF Observer**") at the SJF Observer's own expense and to receive materials provided to directors at such meetings. For so long as the Investeco Investors hold in the aggregate at least the Investeco Requisite Amount, the Investeco Investors shall have the right to have one representative, who shall not be a Competitor, selected by the Investeco Investors attend meetings of the Board by phone or in person (the "**Investeco Observer**") at the Investeco Observer's own expense and to receive materials provided to directors at such meetings. For so long as the Arborview Investor holds in the aggregate at least the Arborview Requisite Amount, the Arborview Investor shall have the right to have one representative, who shall not be a Competitor, selected by the Arborview Investor attend meetings of the Board by phone or in person (the "**Arborview Observer**") at the Arborview Observer's own expense and to receive materials provided to directors at such meetings. For so long as the Sunrise Investor holds in the aggregate at least the Sunrise Requisite Amount, the Sunrise Investor shall have the right to have one representative, who shall not be a Competitor, selected by the Sunrise Investor attend meetings of the Board by phone or in person (the "**Sunrise Observer**") at the Sunrise Observer's own expense and to receive materials provided to directors at such meetings. For so long as the Manna Investor holds in the aggregate at least the Manna Requisite Amount, the Manna Investor shall have the right to have one representative, who shall not be a

Competitor, selected by the Manna Investor attend meetings of the Board by phone or in person (the "**Manna Observer**") at the Manna Observer's own expense and to receive materials provided to directors at such meetings. None of the SJF Observer, the Investeco Observer, the Arborview Observer, the Sunrise Observer or the Manna Observer shall be entitled to vote at the meetings of the Board, and the Company shall have the right not to provide materials and to exclude the attendance and/or participation of any of the SJF Observer, the Investeco Observer, the Arborview Observer, the Sunrise Observer or the Manna Observer, or all of the foregoing, from any portion of a meeting of the Board or as to any materials in which such participation or the provision of such materials could jeopardize (a) the Company's ability to the assert attorney-client privilege, (b) the Company's ability to maintain confidentiality or trade secret status with respect to the matters being discussed or presented or (c) the ability of the Board to discharge its fiduciary obligations. The Company will provide the SJF Observer, the Investeco Observer, the Arborview Observer, the Sunrise Observer, and the Manna Observer with notice of its Board meetings to the same extent it provides notice of such meetings to directors as required by its Bylaws.

3.6 Insurance. The Company will maintain from best rated insurers (a) a directors and officers liability insurance policy on the directors and officers of the Company and, if possible, observers to the Board, in an amount of at least $2,500,000 in the aggregate, and (b) Key Man life insurance policies with the Company as beneficiary on key executives, including Matthew O'Hayer and Russell Diez-Canseco, each such policy being on terms and conditions satisfactory to the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor.

3.7 Certain Protective Provisions. The Company hereby covenants and agrees with each of the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor that it shall not (and shall not permit any subsidiary to), without approval of the Board of Directors, which approval must include the affirmative vote of at least three (3) of the Investor Directors (with prior written notice to all Investor Directors of the proposed action), provided that the affirmative vote of at least four (4) of the Investor Directors shall be required at such time as the Manna Investor is entitled to appoint a director pursuant to Subsection 8.1(h):

(a) make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;

(b) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) guarantee any indebtedness, except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) make any investment inconsistent with any investment policy approved by the Board;

(e) incur any aggregate indebtedness in excess of $500,000 that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business;

(f) enter into or be a party to any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person except transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors;

(g) hire, fire, or change the compensation of the executive officers, including approving any option grants;

(h) change the principal business of the Company, enter new lines of business, or exit the current line of business;

(i) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or

(j) enter into any corporate strategic relationship involving the payment, contribution or assignment by the Company or to the Company of assets greater than $1,000,000 in any twelve (12) month period.

3.8 Expiration of Covenants. The covenants of the Company in this Section 3, other than Subsection 3.3 which shall survive, shall terminate and be of no further force or effect (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first.

4. Preemptive Rights. The Company hereby grants to each SJF Investor, each Investeco Investor, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor, the Manna Investor and each Key Holder (in each case, for the purposes of this Section 4, each a "**Preemptive Holder**") a preemptive right to purchase all or any part of such Preemptive Holder's *pro rata* share of New Securities (as defined in Subsection 4.1) subsequent to the date hereof on the same terms and at the same price as offered thereat. A Preemptive Holder's "*pro rata* portion," for purposes of this right of first offer, is the ratio of the number of shares of As Converted Common Stock owned by such Preemptive Holder immediately prior to the issuance of New Securities, to the total number of shares of As Converted Common Stock outstanding prior to the issuance of New Securities, determined on a fully-diluted basis. Each Preemptive Holder shall be entitled to apportion the right of first offer hereby granted it among itself and its Permitted Transferees in such proportions as it deems appropriate. In the event that a Preemptive Holder declines to purchase all of its *pro rata* portion of New Securities, each of the other participating Preemptive Holders shall have a right of over-allotment to purchase such non-purchased New Securities of the non-participating Preemptive Holders on a *pro rata* basis (based upon the proportion of the shares of As Converted Common Stock and Preferred Stock owned by such participating Preemptive Holder immediately prior to the issuance of New Securities to all such shares of As Converted Common Stock held by all participating Preemptive Holders) within ten (10) days after the date of such Preemptive Holder's failure to purchase. This right of first offer shall be subject to the following provisions:

4.1 New Securities. "**New Securities**" shall mean any capital stock (including Common Stock and/or preferred stock) of the Company whether now authorized or not, and rights, options or warrants to purchase such capital stock, and securities of any type whatsoever that are, or may become, convertible into capital stock; *provided, that* the term "**New Securities**" does not include:

(a) up to 1,414,333 shares of Common Stock (and options therefor) issued after the date hereof as part of a compensation arrangement to employees, consultants, officers or directors of the Company pursuant to any equity compensation, stock option, stock purchase or stock bonus plan approved by the Board (all such arrangements referred to collectively herein as the "**Company Stock Incentive Plan**");

(b) any securities issuable upon (i) exercise of options, warrants, convertible securities or other similar rights or agreements, so long as such options, warrants, convertible securities or other similar rights or agreements were either outstanding as of the date of this Agreement or were issued without violation of this Agreement or (ii) conversion of the Series B Preferred Stock, the Series C Preferred Stock or the Series D Preferred Stock;

(c) securities issued or rights to purchase securities issued for consideration other than cash pursuant to a bona fide acquisition, merger, consolidation, joint venture, strategic alliance or similar transaction approved by the Board (which approval must include the affirmative vote of at least two (2) of the Investor Directors);

(d) securities issued in an underwritten public offering pursuant to a registration under the Securities Act;

(e) securities issued in connection with any stock split, stock dividend or recapitalization of the Company;

(f) shares of Common Stock, and any right, option or warrant to acquire shares of Common Stock issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board (which approval must include the affirmative vote of at least two (2) of the Investor Directors); and

(g) any right, option or warrant to acquire any security convertible into the securities excluded from the definition of New Securities pursuant to Subsections (a)-(f) above.

4.2 Notice of Issuance. In the event the Company proposes to undertake an issuance of New Securities, it shall give each Preemptive Holder written notice of its intention, describing the type of New Securities, and their price and the general terms upon which the Company proposes to issue the same. Each Preemptive Holder shall have fifteen (15) days after any such notice is mailed to agree to purchase such Preemptive Holder's *pro rata* portion of such New Securities for the price and upon the terms specified in the notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased. If any Preemptive Holder fails to exercise fully the right of first offer, on the sixteenth (16) day after the date of the Company's notice of proposed issuance of New Securities, the Company shall provide a notice to the Preemptive Holders which notice shall identify the exercising Preemptive Holders and the number of New Securities to be purchased by each such exercising Preemptive Holder.

4.3 Failure to Exercise. In the event the Preemptive Holders fail to exercise fully the preemptive right within said fifteen (15) day period and after the expiration of the second ten (10) day period for the exercise of the over-allotment provisions of this Section 4, the Company shall have ninety (90) days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within ninety (90) days from the date of said agreement) to sell the balance of the New Securities respecting which the Preemptive Holders' right of first offer option set forth in this Section 4 was not exercised, at a price and upon terms not materially more favorable to the purchasers thereof than specified in the Company's notice to Preemptive Holders pursuant to Subsection 4.2. In the event the Company has not sold within said ninety (90) day period or entered into an agreement to sell the New Securities in accordance with the foregoing within ninety (90) days from the date of said agreement, the Company shall not thereafter issue or sell such New Securities, without first again offering such securities to the Preemptive Holders in the manner provided in this Section 4.

4.4 Condition to Transfer. The preemptive right set forth in this Section 4 may not be assigned or transferred, except that (i) such right is assignable by each Preemptive Holder to any Permitted Transferee of such Preemptive Holder or any wholly-owned subsidiary or parent of, or to any corporation

or entity that is, within the meaning of the Securities Act, controlling, controlled by or under common control with, any such Preemptive Holder and (ii) such right is assignable between and among any of the Preemptive Holders provided the Company is given written notice thereof; *provided, however*, that the transferee agrees in writing to be bound by the restrictions, terms and provisions hereof.

4.5 Mezzanine Securities Preemptive Right. The Investors shall be entitled to equivalent preemptive rights with respect to any proposed issuance by the Company or its subsidiaries of debt securities issued with options, warrants or other convertible or exercisable securities. In such event, the provisions of Subsections 4.1-4.4 shall inure to the benefit of the Investors as to such proposed issuance, mutatis mutandis.

4.6 Termination of Rights. The preemptive right granted under Section 4 of this Agreement shall expire and terminate (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever event occurs first.

5. Certain Rights of First Refusal and Co-Sale Rights. In addition to the preemptive rights provided in the above Section 4 and separate from such preemptive rights, the Company hereby grants to each SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, Sunrise Investor and Manna Investor the following co-sale rights described in this Section 5. For the avoidance of doubt, SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and/or the Manna Investor may choose to exercise each of their rights granted under Section 4 and Section 5 separately or in combination, and the exclusions applicable in the rights provided under Section 4 apply only to Section 4 and do not apply to the rights provided under Section 5.

5.1 Company Qualified Issuance Notice.

(a) SJF: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the SJF Investors under the terms of the SJF Purchase Agreement (each a "**SJF Qualified Issuance**"), then the Company shall give the SJF Investors written notice of such issuance (the "**SJF Qualified Issuance Notice**"), which SJF Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The SJF Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(b) Investeco: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Investeco Investors under the terms of the Investeco Purchase Agreement (each an "**Investeco Qualified Issuance**"), then the Company shall give the Investeco Investors written notice of such issuance (the "**Investeco Qualified Issuance Notice**"), which Investeco Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Investeco Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(c) Arborview Investor: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Arborview Investor under the terms of the Arborview Purchase Agreement (each an "**Arborview Qualified Issuance**"), then the Company shall give the Arborview Investor written notice of such issuance (the "**Arborview Qualified Issuance Notice**"), which Arborview Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Arborview Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(d) Inherent Investor: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Inherent Investor under the terms of the Bowie/Inherent Purchase Agreement (each a "**Inherent Qualified Issuance**"), then the Company shall give the Inherent Investor written notice of such issuance (the "**Inherent Qualified Issuance Notice**"), which Inherent Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Inherent Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(e) Bowie Investor: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Bowie Investor under the terms of the Bowie/Inherent Purchase Agreement (each a "**Bowie Qualified Issuance**"), then the Company shall give the Bowie Investor written notice of such issuance (the "**Bowie Qualified Issuance Notice**"), which Bowie Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Bowie Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(f) Sunrise Investor: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Sunrise Investor under the terms of the Sunrise Purchase Agreement (each a "**Sunrise Qualified Issuance**"), then the Company shall give the Sunrise Investor written notice of such issuance (the "**Sunrise Qualified Issuance Notice**"), which Sunrise Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Sunrise Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

(g) Manna Investor: If at any time the Company proposes to (a) issue and sell an amount of securities representing or convertible into more than thirty percent (30%) of the then-outstanding capital stock of the Company (except for issuances and sales of securities described in clauses (b), (c), (d) and (e) of the definition of New Securities), or (b) issue securities representing or convertible into more than five percent (5%) of the then-outstanding capital stock of the Company determined on a fully-diluted basis to Key Holders and/or their family members at a price less than the purchase price paid by the Manna Investor under the terms of the Manna Purchase Agreement (each a "**Manna Qualified Issuance**"), then the Company shall give the Manna Investor written notice of such issuance (the "**Manna Qualified Issuance Notice**"), which Manna Qualified Issuance Notice shall include a detailed description of the material terms of the proposed issuance. The Manna Qualified Issuance Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed issuance.

5.2 Investor Co-Sale Right.

(a) SJF: Each SJF Investor shall have an option for a period of fifteen (15) days from receipt of the SJF Qualified Issuance Notice to elect to sell with the Company up to such SJF Investor's *pro rata* portion of the securities to be issued pursuant to the SJF Qualified Issuance (with respect to the SJF Investor), to the purchaser(s) named in the SJF Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Qualified Issuance Notice. The portion of the SJF Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the SJF Investors have elected to sell, if any, under this Subsection 5.2(a).

(b) Investeco: Each Investeco Investor shall have an option for a period of fifteen (15) days from receipt of the Investeco Qualified Issuance Notice to elect to sell with the Company up to such Investeco Investor's *pro rata* portion of the securities to be issued pursuant to the Investeco Qualified Issuance (with respect to the Investeco Investor), to the purchaser(s) named in such Investeco Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Investeco Qualified Issuance Notice. The portion of the Investeco Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Investeco Investors have elected to sell, if any, under this Subsection 5.2(b).

(c) Arborview: The Arborview Investor shall have an option for a period of fifteen (15) days from receipt of the Arborview Qualified Issuance Notice to elect to sell with the Company up to the Arborview Investor's *pro rata* portion of the securities to be issued pursuant to the Arborview Qualified Issuance (with respect to the Arborview Investor), to the purchaser(s) named in such Arborview Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Arborview Qualified Issuance Notice. The portion of the Arborview Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Arborview Investor has elected to sell, if any, under this Subsection 5.2(c).

(d) Inherent: The Inherent Investor shall have an option for a period of fifteen (15) days from receipt of the Inherent Qualified Issuance Notice to elect to sell with the Company up to the Inherent Investor's pro rata portion of the securities to be issued pursuant to the Inherent Qualified Issuance (with respect to the Inherent Investor), to the purchaser(s) named in such Inherent Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Inherent Qualified Issuance Notice. The portion of the Inherent Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Inherent Investor has elected to sell, if any, under this Subsection 5.2(d).

(e) Bowie: The Bowie Investor shall have an option for a period of fifteen (15) days from receipt of the Bowie Qualified Issuance Notice to elect to sell with the Company up to the Bowie Investor's pro rata portion of the securities to be issued pursuant to the Bowie Qualified Issuance (with respect to the Bowie Investor), to the purchaser(s) named in such Bowie Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Bowie Qualified Issuance Notice. The portion of the Bowie Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Bowie Investor has elected to sell, if any, under this Subsection 5.2(e).

(f) Sunrise: The Sunrise Investor shall have an option for a period of fifteen (15) days from receipt of the Sunrise Qualified Issuance Notice to elect to sell with the Company up to the Sunrise Investor's pro rata portion of the securities to be issued pursuant to the Sunrise Qualified Issuance (with respect to the Sunrise Investor), to the purchaser(s) named in such Sunrise Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Sunrise Qualified Issuance Notice. The portion of the Sunrise Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Sunrise Investor has elected to sell, if any, under this Subsection 5.2(f).

(g) Manna: The Manna Investor shall have an option for a period of fifteen (15) days from receipt of the Manna Qualified Issuance Notice to elect to sell with the Company up to the Manna Investor's pro rata portion of the securities to be issued pursuant to the Manna Qualified Issuance (with respect to the Manna Investor), to the purchaser(s) named in such Manna Qualified Issuance, by delivering a written notice to the Company within fifteen (15) days of delivery of the Manna Qualified Issuance Notice. The portion of the Manna Qualified Issuance that the Company would be able to sell would be correspondingly reduced by that amount that the Manna Investor has elected to sell, if any, under this Subsection 5.2(g).

(h) The rights of the Investors under this Subsection 5.2 shall be exercised pro rata, based on the As Converted Common Stock held by all participating Investors.

5.3 Termination of Rights. The rights granted under Section 5 of this Agreement shall expire and terminate (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first.

6. Right of First Refusal and Co-Sale Right.

6.1 Agreements Among the Investors, the Company and the Key Holders.

(a) Transfer Notice. If at any time a Key Holder proposes to transfer any of the Key Holders' Shares held by such Key Holder to one or more third parties (a "**Transfer**"), then such Key Holder (the "**Transferring Key Holder**") shall give each of the other Key Holders (each, a "**Co-Sale Eligible Key Holder**"), the Investeco Investors, the SJF Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor (the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor, collectively, the "**Co-Sale Eligible Investors**"), and the Company written notice of the Key Holder's intention or requirement to make the Transfer (the "**Transfer Notice**"), which Transfer Notice shall include (i) a description of the Key Holders' Shares to be transferred ("**Offered Shares**"), (ii) the identity of the prospective transferee(s) and (iii) the consideration and the terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Transferring Key Holder has received a firm offer from the prospective transferee(s) and in good faith believes a binding

agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice; or, if applicable, the Transfer Notice shall certify that the Transfer has been directed by a bankruptcy trustee or judge. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement or directive relating to the proposed Transfer.

(b) SJF, Investeco, Arborview, Inherent, Bowie, Sunrise, Manna and Key Holder Co-Sale Right. If the completion of the Transfer, as proposed, would result in the Key Holders in aggregate owning (or continuing to own) less than 50.1% of the outstanding shares of Common Stock held by them as of the date hereof, then each Co-Sale Eligible Investor shall have the right to sell such Co-Sale Eligible Investor's *pro rata* portion (as defined below) of Common Stock and/or Preferred Stock (the "**Investor Co-Sale Shares**"), and each Co-Sale Eligible Key Holder shall have the right to sell such Co-Sale Eligible Key Holder's *pro rata* portion (as defined below) of Common Stock and/or Preferred Stock (the "**Key Holder Co-Sale Shares**"), to the ultimate transferee(s) as a condition to such sale by such Transferring Key Holder, regardless of whether such transferees become transferees pursuant to Subsections 6.1(d), 6.1(e), 6.2 or 6.3 below. For greater certainty, the portion of the Offered Shares the Transferring Key Holder would be able to sell pursuant to Subsections 6.1(d), 6.1(e), 6.2 or 6.3 below would be correspondingly reduced by that amount that the Co-Sale Eligible Investors and Co-Sale Eligible Key Holders have elected to sell, if any, under this Subsection 6.1(b). If a Co-Sale Eligible Investor or Co-Sale Eligible Key Holder should decide to exercise such right of co-sale, such Co-Sale Eligible Investor and Co-Sale Eligible Key Holder must notify the Key Holders and the Company within ten (10) days after delivery of Transfer Notice.

(c) For the purposes of Subsections 6.1(b), 6.1(d), and 6.1(e), the *pro rata* portion of a Transferring Key Holder, a Co-Sale Eligible Key Holder or Co-Sale Eligible Investor, as applicable, means in accordance with a ratio equal to (i) the number of shares of As Converted Common Stock held by such Transferring Key Holder, Co-Sale Eligible Investor, or Co-Sale Eligible Key Holder divided by (ii) the sum of all shares of As Converted Common Stock held by each Transferring Key Holder, Co-Sale Eligible Key Holder, and Co-Sale Eligible Investor who has elected to exercise its right of co-sale pursuant to this Section 6.

(d) Company's Option. The Company shall have an option for a period of twenty (20) days from receipt of the Transfer Notice to elect to purchase all or portions of the Offered Shares, the Investor Co-Sale Shares, and the Key Holder Co-Sale Shares (on a *pro rata* basis among the Offered Shares, Investor Co-Sale Shares, and the Key Holder Co-Sale Shares calculated in accordance with Subsection 6.1(c)) at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The Company may exercise such purchase option and, thereby, purchase all or such *pro rata* portions of the Offered Shares, the Key Holder Co-Sale Shares and the Investor Co-Sale Shares by notifying the Transferring Key Holder, the Co-Sale Eligible Key Holder, and the Co-Sale Eligible Investors in writing before expiration of such twenty (20) day period. If the Company gives the Transferring Key Holder, Co-Sale Eligible Key Holder, and the Co-Sale Eligible Investors notice that it desires to purchase such shares, then payment for the Offered Shares, the Investor Co-Sale Shares (if any), and the Key Holder Co-Sale Shares (if any) shall be by check or wire transfer, against delivery of the Offered Shares, Investor Co-Sale Shares (if any), and Key Holder Co-Sale Shares (if any) to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after the Company's receipt of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Subsection 6.1(g).

(e) Key Holder's Option. If the Company fails to purchase all of the Offered Shares, the Key Holder Co-Sale Shares (if any), and the Investor Co-Sale Shares (if any) by exercising the option granted in Subsection 6.1(d) within the period provided, the Company shall deliver a transfer notice

(the "**Additional Transfer Notice**"), within twenty (20) days of the Company's receipt of Transfer Notice, to each of the Co-Sale Eligible Investors and other Key Holders which shall include the Transfer Notice and state the portion of Offered Shares, the Key Holder Co-Sale Shares, and Investor Co-Sale Shares to be purchased by the Company. Provided that no other Key Holder elected to exercise its right of co-sale under Subsection 6.1(b), such other Key Holder shall have an option for a period of fifteen (15) days from receipt of the Additional Transfer Notice to elect to purchase such Key Holder's *pro rata* portion (as defined below in Subsection 6.1(f)) of the remaining Offered Shares and Investor Co-Sale Shares (on a *pro rata* basis among the Offered Shares and Investor Co-Sale Shares in accordance with Subsection 6.1(c)) at the same price and subject to the same material terms and conditions as described in the Transfer Notice. Each such Key Holder may exercise such purchase option by notifying the Transferring Key Holder and the Co-Sale Eligible Investors in writing before expiration of such fifteen (15) day period. If each such Key Holder gives the Transferring Key Holder and the Co-Sale Eligible Investors notice that it desires to purchase such shares, then payment for the Offered Shares and Investor Co-Sale Shares (if any) shall be by check or wire transfer, against delivery of the Offered Shares and Investor Co-Sale Shares (if any) to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after the Company's receipt of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Subsection 6.1(g).

(f) For the purposes of Subsection 6.1(e), the *pro rata* portion of a Key Holder means in accordance with a ratio equal to (i) the number shares of Common Stock held by such Key Holder divided by (ii) the sum of all shares of Common Shares held by the other Key Holders, other than the Transferring Key Holder.

(g) Valuation of Property. Should the purchase price specified in the Transfer Notice or Additional Transfer Notice be payable in property other than cash or evidences of indebtedness, or should there be no purchase price associated with the transfer, the Company (or the Key Holders) shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property. If a Transferring Key Holder, the Company, the Co-Sale Eligible Investors, and/or the Co-Sale Eligible Key Holder, and Key Holder (in each case, as applicable) cannot agree on such cash value within ten (10) days after the Company's, the Co-Sale Eligible Key Holder's, or Co-Sale Eligible Investors' receipt of the Transfer Notice (or the Key Holders' and Co-Sale Eligible Investors' receipt of the Additional Transfer Notice), the valuation shall be made by an appraiser of recognized standing selected by agreement amongst the Transferring Key Holders, the Co-Sale Eligible Key Holder, the Company, the Co-Sale Eligible Investors, and Key Holder (in each case, as applicable); provided however, that if they cannot agree on an appraiser within ten (10) days after the Company's receipt of the Transfer Notice (or the Key Holders' and Co-Sale Eligible Investors' receipt of the Additional Transfer Notice), each shall select an appraiser of recognized standing and the appraisers so selected shall by agreement designate an appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by the Transferring Key Holder, the Co-Sale Eligible Key Holder, Co-Sale Eligible Investor, and the Company, with half of the cost borne by the Company, and the other half to be borne *pro rata* by each Stockholder who is purchasing the shares being transferred, with the amount to be paid by each Stockholder to be based on the number of shares such parties were interested in purchasing pursuant to this Subsection 6.1. If the time for the closing of the Company's purchase or the Key Holders' purchase has expired but for the determination of the value of the purchase price offered by the prospective transferee(s), then such closing shall be held on or prior to the fifth day after such valuation shall have been made pursuant to this subsection.

6.2 Right of Co-Sale to the Third Party. Subject to the terms and conditions of this Agreement, to the extent that Offered Shares, Investor Co-Sale Shares, and Key Holder Co-Sales Shares remain after the application of Subsection 6.1, the Transferring Key Holder shall have a period of sixty (60)

days from the expiration of such rights in which to sell the Offered Shares, Investor Co-Sale Shares, and Key Holder Co-Sale Shares that remain, if any, upon terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice to the third-party transferee(s) identified in the Transfer Notice subject to the terms and conditions of this Agreement. In the event the Transferring Key Holder does not consummate the sale or disposition of the Offered Shares, Investor Co-Sale Shares, and Key Holder Co-Sale Shares if any, within the sixty (60) day period from the expiration of these rights, the first refusal and co-sale rights shall continue to be applicable pursuant to Subsections 6.1 and 6.2 to any subsequent disposition of the Offered Shares, if any, by the Transferring Key Holder until such right lapses in accordance with the terms of this Agreement. Furthermore, the exercise or non-exercise of the rights of the Company, the Co-Sale Eligible Investors, and the Key Holders under this Subsection 6.2 to purchase Key Holders' Shares from the Key Holders or participate in sales of Key Holders' Shares by the Key Holder shall not adversely affect their rights to make subsequent purchases from the Key Holders of Key Holders' Shares or subsequently participate in sales of Key Holders' Shares by the Key Holders.

6.3 Limitations to Rights of Refusal and Co-Sale. Notwithstanding the provisions of Subsections 6.1 and 6.2 of this Agreement, any Key Holder may sell or otherwise assign Shares held by him to a Permitted Transferee; *provided, that* each such transferee or assignee, prior to the completion of the sale, transfer or assignment shall have executed documents assuming the obligations of the Key Holder under this Agreement with respect to the transferred securities.

6.4 Prohibited Transfers.

(a) In the event a Key Holder should sell any Key Holders' Shares in contravention of the co-sale rights under Subsection 6.2 (a "**Prohibited Transfer**"), each Co-Sale Eligible Key Holder and Co-Sale Eligible Investor, in addition to such other remedies as may be available at law, in equity or hereunder, shall have the put option provided below, and such Key Holder shall be bound by the applicable provisions of such option.

(b) In the event of a Prohibited Transfer, each Co-Sale Eligible Key Holder and Co-Sale Eligible Investor shall have the right to sell to the Key Holder the type and number of shares of Key Holders' Shares equal to the number of shares such Co-Sale Eligible Key Holder or Co-Sale Eligible Investor would have been entitled to transfer to the third-party transferee(s) under Subsection 6.2 hereof had the Prohibited Transfer been effected pursuant to and in compliance with the terms hereof. Such sale shall be made on the following terms and conditions:

(i) The price per share at which the shares are to be sold to the Key Holder shall be equal to the price per share paid by the third-party transferee(s) to the Key Holder in the Prohibited Transfer. The Key Holder shall also reimburse each Co-Sale Eligible Key Holder and Co-Sale Eligible Investor for any and all fees and expenses, including legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of such Co-Sale Eligible Key Holder's or Co-Sale Eligible Investor's rights under Section 6.

(ii) Within ninety (90) days after the later of the dates on which a Co-Sale Eligible Key Holder or Co-Sale Eligible Investor (A) receives notice of the Prohibited Transfer or (B) otherwise becomes aware of the Prohibited Transfer, such Co-Sale Eligible Key Holder or Co-Sale Eligible Investor shall, if exercising the option created hereby, deliver to the Key Holder the certificate or certificates representing shares to be sold, each certificate to be properly endorsed for transfer.

(iii) The Key Holder shall, upon receipt of the certificate or certificates for the shares to be sold by a Co-Sale Eligible Key Holder or Co-Sale Eligible Investor, pursuant to this Subsection 6.4, pay the aggregate purchase price therefor and the amount of reimbursable fees and expenses, as specified in Subsection 6.4(b)(i), in cash or by other means acceptable to such Co-Sale Eligible Key Holder or Co-Sale Eligible Investor.

Notwithstanding the foregoing, any attempt by the Key Holder to transfer Key Holders' Shares in violation of Section 6 hereof shall be void *ab initio* and the Company agrees it will not effect such a transfer nor will it treat any alleged transferee(s) as the holder of such.

6.5 Termination. The rights of first refusal and co-sale granted under this Section 6 shall expire and terminate (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first. Moreover, for the avoidance of doubt, in the event of a sale of Key Holders' Shares which is part of a Deemed Liquidation Event, the distribution provisions of the Certificate of Incorporation shall apply instead as a pre-condition to such sale.

6.6 Lock-Up Provision. Each of the Stockholders hereby agrees that, during the period of duration specified by the Company and the managing underwriter, if any (not to exceed (a) one hundred eighty (180) days, following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's IPO or (b) ninety (90) days following the effective date of any subsequent public offering pursuant to a registration statement of the Company filed under the Securities Act, each of the Stockholders shall not, without the prior written consent of the managing underwriter to the extent requested by the Company or an underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase, pledge, hypothecate or otherwise transfer or dispose of any securities of the Company held by it at any time during such period except those securities included in such registration. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Common Stock, or other securities, of each Stockholder (and the shares of securities of every other person subject to the foregoing restriction) until the end of such period.

7. Reserved.

8. Voting.

8.1 Board Composition.

(a) For so long as they hold any of the Shares issued to them by the Company, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary (i) to ensure that the size of the Company's Board shall be set and remain at thirteen (13) directors appointed as set forth in this Section 8; *provided, however*, that if the Manna Investor is permitted to designate a director pursuant to Subsection 8.1(h) below, the size of the Company's Board shall be set and remain at fifteen (15) directors appointed as set forth in this Section 8 and (ii) in favor of any director designated pursuant to Subsections 8.1(b)-(h) below.

(b) For so long as the SJF Investors hold in the aggregate at least the SJF Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the SJF Investors (the "**SJF Director**") shall be elected to the Board, who shall initially be Alan Kelley.

(c) For so long as the Investeco Investors hold in the aggregate at least the Investeco Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Investeco Investors (the "**Investeco Director**") shall be elected to the Board, which shall initially be vacant.

(d) For so long as the Arborview Investor holds in the aggregate at least the Arborview Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Arborview Investor (the "**Arborview Director**") shall be elected to the Board, who shall initially be Karl Khoury.

(e) For so long as the Inherent Investor holds in the aggregate at least the Inherent Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Inherent Investor (the "**Inherent Director**") shall be elected to the Board, who shall initially be Anthony L. Davis.

(f) For so long as the Bowie Investor holds in the aggregate at least the Bowie Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Bowie Investor (the "**Bowie Director**") shall be elected to the Board, who shall initially be Betsy Foster. The Stockholders acknowledge that the Bowie Director is an executive officer of Whole Foods Market, Inc. and/or one or more of its subsidiaries and, due to the vendor relationship of the Company with Whole Foods Market, Inc., will from time to time have conflicts of interest in discharging the duties of the Bowie Director; and that the existence of such conflicts of interest shall not be a basis for removal of the Bowie Director. In connection with the Board's consideration of any transaction in which the Bowie Director reasonably believes that he or she may have a conflict of interest within the meaning of DGCL Section 144, he or she will endeavor to inform the Board as to any material facts regarding such conflict of interest which have not been previously disclosed to the Board.

(g) For so long as the Sunrise Investor holds in the aggregate at least the Sunrise Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Sunrise Investor (the "**Sunrise Director**") shall be elected to the Board, who is currently Steve Young.

(h) For so long as the Manna Investor holds in the aggregate at least the Manna Requisite Amount, each Stockholder agrees to vote, or cause to be voted, all shares of Common Stock and Preferred Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special

meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, one (1) individual designated by the Manna Investor (the "**Manna Director**") shall be elected to the Board, who shall initially be Brent Drever.

(i) Subject to Subsection 10.4, the remaining seven (7) directors will be elected by a Majority Vote, provided that at such time as the size of the Board is expanded to fifteen (15) directors in accordance with Subsection 8.1(a), the remaining eight (8) directors will be elected by a Majority Vote.

8.2 Failure to Designate a Board Member. In the absence of any designation from the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor or the Manna Investor (as the case may be), the director previously designated by them, if any, and then serving shall be reelected if still eligible to serve as provided herein.

8.3 Removal of Board Members. Each Stockholder also agrees to vote, or cause to be voted, all shares owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that:

(a) the SJF Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the affirmative vote of the SJF Investors or (ii) SJF Investors are no longer so entitled to designate or approve such director, and the Investeco Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the affirmative vote of the Investeco Investors or (ii) Investeco Investors are no longer so entitled to designate or approve such director, and the Arborview Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the Arborview Investor or (ii) Arborview Investor is no longer so entitled to designate or approve such director, and the Inherent Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the Inherent Investor or (ii) the Inherent Investor is no longer so entitled to designate or approve such director, and the Bowie Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the Bowie Investor or (ii) Bowie Investor is no longer so entitled to designate or approve such director, and the Sunrise Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the Sunrise Investor or (ii) the Sunrise Investor is no longer so entitled to designate or approve such director, and the Manna Director may not be removed from office other than for cause unless (i) such removal is directed or approved by the Manna Investor or (ii) the Manna Investor is no longer so entitled to designate or approve such director;

(b) any vacancies created by the resignation, removal or death of the SJF Director, Investeco Director, Arborview Director, Inherent Director, Bowie Director, Sunrise Director or Manna Director shall be filled pursuant to the applicable provisions of Subsection 8.1; and

(c) upon the request of SJF Investors to remove the SJF Director, the SJF Director shall be removed, and upon the request of Investeco Investors to remove the Investeco Director, the Investeco Director shall be removed, and upon the request of Arborview Investor to remove the Arborview Director, the Arborview Director shall be removed, and upon the request of Inherent Investor to remove the Inherent Director, the Inherent Director shall be removed, and upon the request of Bowie Investor to remove the Bowie Director, the Bowie Director shall be removed, and upon the request of Sunrise Investor to remove the Sunrise Director, the Sunrise Director shall be removed, and upon the request of Manna Investor to remove the Manna Director, the Manna Director shall be removed.

All Stockholders agree to execute any written consents required to perform the obligations of this Agreement, and the Company agrees at the request of SJF Investors, Investeco Investors, Arborview Investor, Inherent Investor, Bowie Investor, Sunrise Investor or Manna Investor to call a special meeting of stockholders for the purpose of electing directors.

8.4 No Liability for Election of Recommended Directors. No Stockholder, nor any Affiliate of any Stockholder, shall have any liability as a result of designating a person for election as a director for any act or omission by such designated person in his or her capacity as a director of the Company, nor shall any Stockholder have any liability as a result of voting for any such designee in accordance with the provisions of this Agreement.

8.5 Further Assurances. All Stockholders agree to execute any written consents required to perform the obligations of this Agreement, and the Company agrees at the request of any party entitled to designate directors to call a special meeting of stockholders for the purpose of electing directors.

8.6 Board Expenses. Unless otherwise approved by the Board, the Company shall reimburse the nonemployee directors for all of their reasonable out-of-pocket expenses incurred in connection with attending meetings of the Board or performing duties as a director of the Company. For the avoidance of doubt, the reimbursement of expenses as set forth herein and any indemnification-related advancement of expenses in accordance with the Certificate of Incorporation or any other agreement or document shall not be considered compensation.

8.7 Termination of Voting Provisions. The provisions of Section 8 of this Agreement shall expire and terminate (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first; *provided* that the provisions of Section 8 hereof will continue after the closing of any Deemed Liquidation Event to the extent necessary to enforce the provisions of Section 8 with respect to such Deemed Liquidation Event.

9. Remedies.

9.1 Covenants of the Company. The Company agrees to use its reasonable efforts, within the requirements of applicable law, to ensure that the rights granted under this Agreement are effective and that the parties enjoy the benefits of this Agreement. Such actions include, without limitation, the use of the Company's reasonable efforts to cause the nomination and election of the directors as provided in this Agreement.

9.2 Irrevocable Proxy. Each party to this Agreement hereby constitutes and appoints the Chief Executive Officer or President of the Company and a designee of the Stockholders, and each of them, with full power of substitution, as the proxies of the party with respect to the matters set forth herein, including without limitation, election of persons as members of the Board in accordance with Section 8 hereto, and hereby authorizes each of them to represent and to vote, if and only if the party (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Agreement, all of such party's shares in favor of the election of persons as members of the Board pursuant to and in accordance with the terms and provisions of Section 8, respectively, of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company and the parties in connection with the transactions contemplated by this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until this Section 9.2 terminates or expires pursuant to the provisions of Section 9.3. Each party hereto hereby revokes any and all previous proxies with respect to the shares and shall not hereafter, unless and until this Agreement terminates or expires, purport to grant any other proxy or power of attorney with respect to any of the shares, deposit any of the shares into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the shares, in each case, with respect to any of the matters set forth herein.

9.3 Termination of Remedy Provisions. The provisions of Section 9 of this Agreement shall expire and terminate (i) immediately prior to an IPO or (ii) upon a Deemed Liquidation Event, whichever event occurs first; *provided* that the provisions of Section 9 hereof will continue after the closing of any Deemed Liquidation Event to the extent necessary to enforce the provisions of Section 9 with respect to such Deemed Liquidation Event.

10. Certain Additional Covenants.

10.1 Corporate Opportunities.

(a) Key Holders. In furtherance and not in lieu of their respective obligations under law, each of the Key Holders hereby agrees to present to the Company any business opportunity relating to the business of chickens, eggs or pasture-raised or organic foods that may be offered or presented to or created by such Key Holder(s) prior to engaging in any such activity. In the event that the Board decides not to pursue such opportunity, then subject to compliance with the remainder of this Section 10, such Key Holder(s) may pursue the opportunity, subject to offering the SJF Investors, the Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor the right of first refusal to participate in such opportunity on a pro rata basis with such Key Holder(s) and to any other obligations that may exist under law. The foregoing shall not apply to passive investments by the Key Holders in public companies.

(b) Investors. As used herein, "**Exempted Persons**" means each of the Investors and any of their respective directors, officers, managers, general partners, Affiliates, and/or employees, including any of the foregoing who serve as Investor Directors. The Exempted Persons shall not have any fiduciary duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Company or any of its subsidiaries. To the fullest extent permitted by applicable law, the Company, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Company and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Exempted Persons, even if the opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Exempted Person shall have no duty to communicate or offer such business opportunity to the Company and, to the fullest extent permitted by applicable law, shall not be liable to the Company or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Exempted Person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Company or its subsidiaries. No amendment of this section shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities of which such Exempted Person becomes aware prior to such amendment or repeal. Further, this section shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Company under the Company's Certificate of Incorporation, Bylaws, applicable law or other agreement. Notwithstanding the foregoing, the Investors acknowledge and agree that the provisions of this Subsection 10.2 shall not apply to any matter, transaction or interest presented to, or acquired, created or developed by, or otherwise coming into the possession of, an Exempted Person expressly and solely in such Exempted Person's capacity as a director of the Company.

10.2 Non-Competition – Key Holders. In consideration of the mutual covenants provided for herein, during the period beginning on the Effective Date and ending on the first anniversary

of the date on which a Key Holder ceases to be a holder of Company securities (the "**Covered Period**"), each Key Holder agrees, for himself or itself, that such Key Holder shall not, and such Key Holder shall cause its or his Affiliates (including their respective heirs, successors or assigns) not to, directly or indirectly, become involved with businesses that source and sell eggs or chicken meat from pasture-raised chickens (the "**Business**") or any business competing with the Business or the businesses of the Company or any of its subsidiaries anywhere in the State of Texas as conducted on the date of this Agreement and in such other geographic areas as the Business may be conducted from time to time. Each Key Holder acknowledges that the Business is planned to be conducted throughout the State of Texas and such other geographic areas and agrees that the provisions in this Subsection 10.2 shall operate throughout such area. Nothing herein shall prohibit any Key Holder from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of a corporation which is publicly traded, so long as such Key Holder is not an Affiliate of, and does not have any active participation in, the business or operations of such corporation. Each Key Holder expressly acknowledges and agrees that (i) the restrictions contained in this Subsection 10.2 are reasonable in all respects (including with respect to subject matter, time period and geographical area) and are necessary to protect the value of the Business, and (ii) the SJF Investors, Investeco Investors, the Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor would not have entered into this Agreement and consummated the transactions contemplated hereby without the restrictions contained in this Subsection 10.2.

10.3 Non-Solicitation – Key Holders. During the Covered Period, each Key Holder agrees, for himself or itself, that such Key Holder shall not, and such Key Holder shall cause its or his Affiliates (including their respective heirs, successors or assigns) not to, directly or indirectly, (a) induce or attempt to induce any employee or consultant of the Business or the Company or any of its subsidiaries to leave the employ of any such party, or in any way interfere with the relationship between the Company or any of its subsidiaries and any employee or consultant thereof, (b) hire any person who was an employee of the Business or the Company or any of its subsidiaries at any time during the six (6)-month period prior to the date of hire, or (c) induce or attempt to induce any customer, supplier, vendor, farmer, cooperative member, service provider, licensee, licensor, lessor, franchisee or other business relation of the Business or the Company or any of its subsidiaries to cease doing business with the Business or the Company or any of its subsidiaries, or in any way interfere with the relationship between any such customer, supplier, vendor, farmer, cooperative member, service provider, licensee, licensor, lessor, franchisee or other business relation and the Business or the Company or any of its subsidiaries (including making any negative statements or communications about the Business or the Company or any of its subsidiaries). The foregoing notwithstanding, neither clause (a) nor clause (b) above shall prohibit or be deemed to prohibit or be breached by a general solicitation for employment (including in any newspaper or magazine, over the internet or by any search or employment agency) if not specifically directed towards any employee of the Business or the Company or any of its subsidiaries. Each Key Holder expressly acknowledges and agrees that (i) the restrictions contained in this Subsection 10.3 are reasonable in all respects (including with respect to subject matter, time period and geographical area) and are necessary to protect the value of the Business, and (ii) the SJF Investors, Investeco Investors, Arborview Investor, the Inherent Investor, the Bowie Investor, the Sunrise Investor and the Manna Investor would not have entered into this Agreement and consummated the transactions contemplated hereby without the restrictions contained in this Subsection 10.3.

10.4 Compelled Liquidity Event. For so long as the Sunrise Investor holds shares of Series D Preferred Stock, then on and following October 3, 2022, the Sunrise Investor shall have the absolute right, at its sole option, to require the Company to immediately engage an investment banker to conduct and conclude a process to sell the Company, which such sale may be structured as a merger, sale of stock or sale of all or substantially all of the assets of the Company and its Affiliates (a "**Compelled Liquidity Event**"). The Board and the officers of the Company (in each case subject to their respective fiduciary duties to the Company and its stockholders) shall take any and all actions reasonably necessary

or appropriate to successfully conduct, progress and complete the Compelled Liquidity Event as quickly as reasonably practicable in accordance with the terms and conditions of this Agreement. To effectuate the right contained in this Subsection 10.4, each of the Stockholders hereby acknowledges and agrees that the Sunrise Investor shall have the right to cause the Company to consummate a Compelled Liquidity Event pursuant to this Subsection 10.4, and the Sunrise Investor shall have all rights and powers specified in Subsection 10.5 hereof, and all other Stockholders will be obligated to consummate, consent to and raise no objection to the Compelled Liquidity Event, take all other actions reasonably necessary or desirable to consummate such Compelled Liquidity Event and will be subject to all duties and obligations of, and will be afforded all rights and protections of, a Notified Holder, in each case, as such are set forth in Subsection 10.5 hereof. To the extent that the Company, the Company's management or the other Stockholders are not fully cooperating in the execution of a Compelled Liquidity Event pursuant to this Subsection 10.4, in the reasonable judgment of the Sunrise Investor, the Sunrise Investor shall thereupon have the right to appoint a majority of the Board. To effectuate the previous sentence, the Stockholders agree to remove such number of directors appointed pursuant to Subsection 8.1(i) as are necessary to provide enough director vacancies so that the Sunrise Investor can appoint such number of directors such that, when combined with the Sunrise Director, the Sunrise Investor has appointed a majority of the Board.

10.5 Compelled Liquidity Event Covenants.

(a) If, pursuant to Subsection 10.4, the Sunrise Investor desires to effect a Compelled Liquidity Event, the Company shall notify each other Stockholder party hereto (the "**Notified Holders**"), in writing, of such desire and the terms and conditions of such Compelled Liquidity Event. Notwithstanding any other provision of this Agreement, each Notified Holder will vote in favor of and take all necessary and desirable actions in connection with the consummation of such Compelled Liquidity Event, and if such transaction is structured as a sale of stock, within 20 days of the receipt of such notice (or such longer period of time as the Company shall designate in such notice) the Notified Holders shall cause all of their Shares to be sold to the designated purchaser on the same terms and conditions as the other Shares being sold, with the proceeds payable as if such amount was distributed in accordance with Article Fourth, Section B.2 of the Certificate of Incorporation.

(b) In furtherance of its obligations under this Subsection 10.5, subject to Subsection 10.5(c), each Stockholder will make the same indemnities and agreements as each other Stockholder, including without limitation, voting to approve such transaction and executing all documents reasonably requested by the Board or the Sunrise Investor to be executed by such Stockholder, including the applicable purchase agreement, stockholders agreement and/or indemnification and/or contribution agreement.

(c) Notwithstanding any other provision to the contrary herein contained, in any Compelled Liquidity Event, each Notified Holder shall: (i) only be required to represent and warrant solely with respect to its ownership of Shares, tax status, authority to enter into any such Compelled Liquidity Event, the absence of conflicts of such Compelled Liquidity Event with material agreements of such Stockholder, the absence of litigation or regulatory actions interfering with such Compelled Liquidity Event on the part of such Stockholder and the absence of brokers, (ii) not be required to have any contractual liability in respect of Company indemnities, representations, warranties, covenants or otherwise in respect of such Compelled Liquidity Event in excess of the lesser of (A) its pro rata share of the indemnity amounts actually paid in respect of such Compelled Liquidity Event and (B) the consideration received by such Stockholder in such Compelled Liquidity Event, (iii) not be required to have any contractual liability in respect of indemnities, representations, warranties or covenants of another Stockholder in excess of any escrow, (iv) be paid consideration consisting solely of cash or securities of the acquiring party, subject to such holdbacks, escrows, earn-outs, offset rights, purchase price adjustments or other installment payments as the Sunrise Investor or the Company may approve and to which the Sunrise Investor shall be subject on

the same terms as the Notified Holders, proportionate to the Shares sold by such Stockholder, (v) only be required to deliver customary stock powers, letters of transmittal or other similar transfer documentation; in each case, on the same terms, provisions and documents as each other Stockholder, (vi) be obligated to pay no more than its pro rata share based on proceeds received (as if such expenses reduced the aggregate proceeds available for distribution in such sale) of the costs of any sale of Shares pursuant to a sale to the extent such costs are approved by the Sunrise Investor or the Company and incurred for the benefit of all Stockholders and are not otherwise paid by the Company or the acquiring party, and (vii) not be required to enter into a non-competition agreement in connection with such Compelled Liquidity Event.

(d) Each Stockholder hereby makes, constitutes and appoints the secretary of the Company as its true and lawful attorney-in-fact for it and in its name, place and stead, and for its use and benefit, to sign, execute, certify, acknowledge, swear to, file and record any instrument that is now or may hereafter be deemed necessary by the Company in its reasonable discretion to carry out fully the provisions and the agreements, obligations and covenants of such Stockholder in Subsection 10.4 and this Subsection 10.5. Each Stockholder hereby gives such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in connection with such Stockholder's obligations and agreements pursuant to Subsection 10.4 and this Subsection 10.5 as fully as such Stockholder might or could do personally, and hereby ratifies and confirms all that any such attorney-in-fact shall lawfully do or cause to be done by virtue of the power of attorney granted hereby. The power of attorney granted pursuant to this Subsection 10.5 is a special power of attorney, coupled with an interest, and is irrevocable, and shall survive the bankruptcy, insolvency, dissolution or cessation of existence of the applicable Stockholder, unless and until this Section 10.5 terminates or expires pursuant to the provisions of Section 10.6.

10.6 Expiration of Additional Covenants. The covenants in this Section 10 shall terminate and be of no further force or effect (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first.

11. Registration Rights. The Company covenants and agrees as follows:

11.1 Demand Registration.

(a) Form S-1 Demand. If at any time after one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of ten percent (10%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to the Registrable Securities with an anticipated aggregate offering price, net of Selling Expenses, of at least $15 million, then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 11.1(c) and 11.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least ten percent (10%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $5 million, then the Company shall (i) within ten (10) days after the date such

request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within ninety (90) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 11.1(c) and 11.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes a notice to Holders requesting a registration pursuant to this Subsection 11.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than one hundred twenty (120) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such one hundred twenty (120) day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 11.1(a): (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected one registration pursuant to Subsection 11.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 11.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 11.1(b): (1) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (2) if the Company has effected two registrations pursuant to Subsection 11.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 11.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 11.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 11.1(d).

11.2 Company Registration. If the Company proposes to register (including, for this purpose, an IPO or a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 11.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such

registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 11.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 11.6.

11.3 Underwriting Requirements.

(a) If, pursuant to Subsection 11.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 11.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 11.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 11.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 11.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering (except for an IPO, in which case the number of Registrable Securities included in the offering may be reduced to zero), or (iii) notwithstanding (ii) above, any

Registrable Securities which are not Key Holder Registrable Securities be excluded from such underwriting unless all Key Holder Registrable Securities are first excluded from such offering. For purposes of the provision in this Subsection 11.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 11.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 11.3(a), fewer than thirty percent (30%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

11.4 Obligations of the Company. Whenever required under this Section 11 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

11.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 11 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

11.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 11, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $30,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 11.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 11.1(a) or 11.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 11.1(a) or 11.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 11 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

11.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 11.

11.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 11:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 11.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any) who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 11.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 11.8(b) and 11.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 11.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 11.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing

interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 11.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 11.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 11.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 11.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 11.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 11.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 11.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 11.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 11, and otherwise shall survive the termination of this Agreement.

11.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

11.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would provide to such holder the right to include securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included.

11.11 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 11.1 or 11.2 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation;

(b) with respect to any Holder, such time as such Holder holds less than three percent (3%) of the then-outstanding Common Stock and Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; *provided*, *however*, that Section 11.2 shall terminate on the second anniversary of the closing of the IPO; and

(c) the third anniversary of the closing of the IPO.

12. General.

12.1 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE INTERNAL LAWS OF THE STATE OF DELAWARE AS APPLIED TO AGREEMENTS ENTERED INTO AMONG DELAWARE RESIDENTS TO BE PERFORMED ENTIRELY WITHIN DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

12.2 CONSENT TO JURISDICTION. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTIES AND ASSETS, TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN NEW CASTLE, DELAWARE (COLLECTIVELY, THE "**DELAWARE COURTS**"), IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT

RELATING THERETO, AND EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH PROCEEDING SHALL BE HEARD AND DETERMINED IN THE DELAWARE COURTS. EACH OF THE PARTIES AGREES THAT A FINAL JUDGMENT IN ANY SUCH PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY OF THE DELAWARE COURTS. EACH OF THE PARTIES IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH PROCEEDING IN ANY OF THE DELAWARE COURTS.

12.3 WAIVER OF JURY TRIAL. EACH OF THE PARTIES ACKNOWLEDGES AND AGREES THAT ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH PROCEEDING.

12.4 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. The Company may not assign this Agreement. The rights under this Agreement may be assigned by each SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, the Sunrise Investor and/or the Manna Investor (but subject to all related obligations) in whole or in part to (a) a Permitted Transferee of such transferring SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, the Sunrise Investor, and/or the Manna Investor, or (b) any Person to which such SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, Sunrise Investor or Manna Investor transfers Shares; *provided, however* that such transferee shall agree in writing to be bound as a Stockholder by the terms and conditions of this Agreement as a condition thereto; *and provided further,* that unless (x) the SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, Sunrise Investor or Manna Investor transfers 100% of the Shares owned by it and its Permitted Transferees or (y) the person to which the SJF Investor, Investeco Investor, Arborview Investor, Inherent Investor, Bowie Investor, Sunrise Investor or Manna Investor transfers Shares owns Shares after such transfer representing at least 5% of the outstanding capital stock of the Company on a fully-diluted basis, then all such transferees of each such Investor shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement.

12.5 Entire Agreement; Amendment; Waiver.

(a) This Agreement (including the Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument referencing this Agreement and signed by (i) the Company, (ii) the SJF Investors, (iii) the Investeco Investors, (iv) the Arborview Investor, (v) the Inherent Investor, (vi) the Bowie Investor, (vii) the Sunrise Investor, (viii) the Manna Investor and (ix) Stockholders holding at least a majority of the Common Stock issued; *provided*, *however*, that if any such

amendment, modification, termination or waiver has a disproportionate disadvantageous impact on a share of capital stock owned by such Stockholder in comparison to the impact, generally, on a share of capital stock of the same class and/or series held by other Stockholders, the consent of that Stockholder to such amendment, modification, termination or waiver shall be required. To the extent the categories of Investors described in clauses (ii) through (viii) comprise more than one Investor, only signatures of Investors holding a majority of the Shares held by Investors in such category shall be required.

(b) Notwithstanding the foregoing provisions of this Subsection 12.5, this Agreement may not be amended to materially increase the obligations of the Key Holders hereunder except by a written instrument referencing this Agreement and signed by the Company and the Stockholders holding a majority of the Key Holders' Shares, *provided*, *however*, that if any such amendment operates in a manner that treats any Stockholder or Key Holders' Shares different from other Stockholders or Key Holders' Shares, the consent of such Stockholder or Key Holder shall also be required for such amendment.

(c) Any such amendment, waiver, discharge or termination effected in accordance with this paragraph shall be binding upon each Stockholder and each future holder of all such securities of Stockholder.

12.6 Remedies. The rights of the parties under this Agreement are unique and, accordingly, the parties intend that in addition to all other legal or equitable remedies available, injunctive relief and the remedy of specific performance may be utilized in the event of the breach or threatened breach of this Agreement. None of the rights, powers or remedies conferred upon any party hereto shall be mutually exclusive, and each such right, power or remedy shall be cumulative and in addition to every other right, power or remedy conferred by this Agreement, now or hereafter available at law, in equity, by statute or otherwise.

12.7 Notices, etc. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or sent by facsimile or otherwise delivered by hand or by messenger addressed:

(a) if to a Key Holder, at the Key Holder's address set forth on Schedule A hereto or, if no address is set forth for such Key Holder on Schedule A hereto, in the Company's records, as may be updated by written notice to the Company;

(b) if to a SJF Investor, at the SJF Investor's address set forth on Schedule B hereto or, if no address is set forth for the SJF Investor on Schedule B hereto, in the Company's records, as may be updated by written notice to the Company;

(c) if to an Investeco Investor, at the Investeco Investor's address set forth on Schedule C hereto or, if no address is set forth for the Investeco Investor on Schedule C hereto, in the Company's records, as may be updated by written notice to the Company;

(d) if to the Arborview Investor, at the Arborview Investor's address set forth on Schedule D hereto hereto or, if no address is set forth for the Arborview Investor on Schedule D hereto, in the Company's records, as may be updated by written notice to the Company;

(e) if to the Inherent Investor, at the Inherent Investor's address set forth on Schedule E hereto or, if no address is set forth for the Inherent Investor on Schedule E hereto, in the Company's records, as may be updated by written notice to the Company;

(f) if to the Bowie Investor, at the Bowie Investor's address set forth on Schedule F hereto or, if no address is set forth for the Bowie Investor on Schedule F hereto, in the Company's records, as may be updated by written notice to the Company;

(g) if to an Individual Investor, at the Individual Investor's address set forth on Schedule G hereto or, if no address is set forth for such Individual Investor on Schedule G hereto, in the Company's records, as may be updated by written notice to the Company;

(h) if to the Sunrise Investor, at the Sunrise Investor's address set forth on Schedule H hereto or, if no address is set forth for the Bowie Investor on Schedule H hereto, in the Company's records, as may be updated by written notice to the Company;

(i) if to the Manna Investor, at the Manna Investor's address set forth on the Schedule I hereto, or, if no address is set forth for the Manna Investor on Schedule I hereto, in the Company's records, as may be updated by written notice to the Company;

(j) if to the Company, one copy should be sent to the following address or at such other address as the Company shall have furnished to the Stockholders:

Vital Farms, Inc.
3601 South Congress Avenue, Suite C100
Austin, TX 78704
Attn: Russell Diez-Canseco, President and Chief Executive Officer
Tel: 877-455-3063
Email: russell-diez.canseco@vitalfarms.com

With a copy to:

Cooley LLP
1299 Pennsylvania Avenue NW
Washington, DC 20004
Attn: Jaime L. Chase
Email: jchase@cooley.com

All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) business day after being delivered by facsimile (with receipt of appropriate confirmation) or electronic mail, (iv) one (1) business day after being sent via overnight delivery service and deposited with an overnight courier service of recognized standing, or (iv) four (4) days after being deposited in the U.S. mail, first class with postage prepaid. In the event of any conflict between the Company's books and records and this Agreement or any notice delivered hereunder, the Company's books and records and this Agreement or any notice delivered hereunder, the Company's books and records will control absent fraud or error.

12.8 Consent to Electronic Notice. Each Stockholder consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "**DGCL**"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address or the facsimile number as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted Electronic Notice shall be ineffective and deemed to not have been given. Each Stockholder agrees to promptly notify the Company of any change in such stockholder's electronic mail address, and that failure to do so shall not affect the foregoing.

12.9 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement, and such court will replace such illegal, void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Agreement shall be enforceable in accordance with its terms.

12.10 Titles and Subtitles; Drafting; Share Numbers. The titles and subtitles of the sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. This Agreement has been the subject of review and negotiation among the parties hereto, and the parties agree that principles of contract interpretation based upon the party responsible for drafting shall not be applied.

12.11 Counterparts. This Agreement may be executed in any number of counterparts and by facsimile or electronic signature, each of which shall be an original, but all of which taken together shall constitute one agreement.

12.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Stockholder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or any acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on a Stockholder's part of any breach or default under this Agreement, or any waiver on a Stockholder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing and that all remedies, either under this Agreement, or by law or otherwise afforded to a Stockholder, shall be cumulative and not alternative.

12.13 Attorney's Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

12.14 Rights. Unless otherwise expressly provided herein, each Stockholder's rights hereunder are several rights, not rights jointly held with any of the other Stockholder.

12.15 Further Assurances. At any time or from time to time after the date hereof, each party agrees (at its own expense) to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder.

12.16 Additional Stockholders. In the event that the Company issues shares of capital stock to any person and after such issuance such person shall hold in the aggregate more than two percent (2%) of the Company's outstanding capital stock determined on a fully-diluted basis, as a condition precedent to such issuance, the Company shall cause such person to become a party to this agreement by executing an Adoption agreement in the form attached hereto as Exhibit A. This Subsection 12.16 shall

expire and terminate (i) immediately prior to an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 13 or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, whichever occurs first.

12.17 Aggregation of Stock. All shares of capital stock issued by the Company and held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

12.18 Spousal Consent. If any individual Stockholder is married on the date of this Agreement, such Stockholder's spouse shall execute and deliver to the Company a consent of spouse in the form of Exhibit B hereto ("**Consent of Spouse**"), effective on the date hereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Stockholder's Shares that do not otherwise exist by operation of law or the agreement of the parties. If any individual Stockholder should marry or remarry subsequent to the date of this Agreement, such Stockholder shall within thirty (30) days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Agreement and agreeing and consenting to the same.

12.19 Stock Splits, Stock Dividends, etc. For the avoidance of doubt, in the event of any issuance of shares of the Company's voting securities hereafter to any of the Stockholders (including, without limitation, in connection with any recapitalization event), such shares shall become subject to this Agreement and shall be endorsed with the legend set forth in Subsection 2.2.

12.20 Amendment of Prior Agreement. The Prior Agreement is hereby amended and superseded in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the parties required for an amendment pursuant to Subsection 12.5(a) of the Prior Agreement. Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereby have executed this Ninth Amended and Restated Stockholders' Agreement as of the Effective Date.

VITAL FARMS, INC.
a Delaware corporation

By: /s/ Russell Diez-Canseco
Russell Diez-Canseco
Chief Executive Officer

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

KEY HOLDERS:

/s/ Russell Diez-Canseco
Matthew O'Hayer

Jason Jones, Trustee for THE MIPOTH-C TRUST

Signature: /s/ Jason Jones
Trustee

Jason Jones, Trustee for THE MIPOTH-J TRUST

Signature: /s/ Jason Jones
Trustee

Jason Jones, Trustee for THE JONES MANAGEMENT TRUST

Signature: /s/ Jason Jones
Trustee

Jason Jones, Trustee for THE NANAPA TRUST

Signature: /s/ Jason Jones
Trustee

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

INDIVIDUAL INVESTORS:

RICHARD RESSLER

WENDY VANDEN HEUVEL

PAUL MARSIGLIO

CATHERINE DONCASTER

ROSE IMPACT VENTURE FUND LLC

SJF INVESTORS
SIGNATURE PAGE

SJF VENTURES III, L.P.

By: SJF GP III, LLC, its general partner

By: /s/ Alan Kelly
Name: Alan Kelley
Title: Manager

SJF VENTURES IIIA, L.P.

By: SJF GP IIIA, LLC, its general partner

By: /s/ Alan Kelly
Name: Alan Kelley
Title: Manager

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

INVESTECO INVESTORS
SIGNATURE PAGE

INVESTECO SUSTAINABLE FOOD FUND, L.P.

By: InvestEco Food and Agriculture General Partner Corp., its general partner

By: /s/ Andrew Heintzman
Name: Andrew Heintzman
Title: Managing Partner

INVESTECO SUSTAINABLE FOOD FUND TRUST

By: /s/ Andrew Heintzman
Name: Andrew Heintzman
Title: Managing Partner

LARRY SCHWARTZ

SEEK CAPITAL PARTNERSHIP

By: , its general partner

By:
Name: Jesse Kaplan
Title: Managing Partner

MICHAEL DE PENCIER

ARBORVIEW INVESTOR
SIGNATURE PAGE

ARBORVIEW CAPITAL PARTNERS LP

By: Arborview Capital GP LLC, its general partner

By: /s/ Karl Khoury
Name: Karl Khoury
Title: Manager

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

INHERENT INVESTOR
SIGNATURE PAGE

INHERENT ESG PRIVATE, LP
By: Inherent Capital, LLC,
its general partner

By: /s/ Anthony Davis
Name: Anthony Davis
Title: CEO

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

BOWIE INVESTOR
SIGNATURE PAGE

Bowie Strategic Investments, Inc.

By: /s/ Betsy Foster
Name: Betsy Foster
Title: Assistant Secretary

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

SUNRISE INVESTOR
SIGNATURE PAGE

SSP Vital Farms Holdings, LLC

By: /s/ Vincent Love
Name: Vincent Love
Title: Chief Operating Officer

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

MANNA INVESTOR
SIGNATURE PAGE

MTP C001 HOLDINGS, LLC

By: Manna Tree Partners Fund I, L.P.
Its: Manager

By: /s/ Gabrielle Rubenstein
Name: Gabrielle Rubenstein
Title: Chief Executive Officer

[Signature Page to Ninth Amended and Restated Stockholders Agreement]

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("**Adoption Agreement**") is executed on , 20 , by the undersigned (the "**Holder**") pursuant to the terms of that certain Ninth Amended and Restated Stockholders Agreement dated as of , 2020 (the "**Agreement**"), by and among the Company and certain of its Stockholders, as such Agreement may be amended or amended and restated hereafter. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Holder agrees as follows.

1.1 Acknowledgement. Holder acknowledges that Holder is acquiring certain shares of the capital stock of the Company (the "**Stock**"), or options, warrants or other rights to purchase such Stock (the "**Options**"), for one of the following reasons (Check the correct box):

☐ as a transferee of Shares from a party in such party's capacity as an "SJF Investor", an "Individual Investor", an "Arborview Investor", an "Investeco Investor", an "Inherent Investor", a "Bowie Investor", a "Sunrise Investor" or a Manna Investor bound by the Agreement, and after such transfer, Holder shall be considered an "SJF Investor", an "Individual Investor", an "Arborview Investor", an "Investeco Investor", an "Inherent Investor", a "Bowie Investor", a "Sunrise Investor", or a Manna Investor, respectively, and, in any case, a "Stockholder" for all purposes of the Agreement.

☐ as a transferee of Shares from a party in such party's capacity as a "Key Holder" bound by the Agreement, and after such transfer, Holder shall be considered a "Key Holder" and a "Stockholder" for all purposes of the Agreement.

☐ as a party in accordance with Subsection 12.16 of the Agreement, in which case Holder shall be a "Stockholder" for all purposes of the Agreement.

1.2 Agreement. Holder hereby (a) agrees that the Stock, and any other shares of capital stock or securities required by the Agreement to be bound thereby, shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if Holder were originally a party thereto.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Holder at the address or facsimile number listed below Holder's signature hereto.

HOLDER: _____

By: _____
Name and Title of Signatory

Address: _____

_____

Facsimile Number: _____

ACCEPTED AND AGREED:

VITAL FARMS, INC.

By: _____

Title: _____

EXHIBIT B

CONSENT OF SPOUSE

I, [ ], spouse of [ ], acknowledge that I have read the Ninth Amended and Restated Stockholders Agreement, dated as of , 2020, to which this Consent of Spouse is attached as Exhibit B (the "**Agreement**"), and that I know the contents of the Agreement. I am aware that the Agreement contains provisions regarding the voting and transfer of shares of capital stock of the Company that my spouse may own, including any interest I might have therein.

I hereby agree that my interest, if any, in any shares of capital stock of the Company subject to the Agreement shall be irrevocably bound by the Agreement and further understand and agree that any community property interest I may have in such shares of capital stock of the Company shall be similarly bound by the Agreement.

I am aware that the legal, financial and related matters contained in the Agreement are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent of Spouse. I have either sought such guidance or counsel or determined after reviewing the Agreement carefully that I will waive such right.

Dated: _____

_____

[*Name of Stockholder's Spouse, if any***]**

VITAL FARMS, INC.
2013 INCENTIVE PLAN

ARTICLE ONE
GENERAL PROVISIONS

1.1 Purpose and Date of the Plan.

This 2013 Incentive Plan, adopted as of August 31, 2013, is intended to promote the interests of **Vital Farms, Inc.**, a Delaware corporation, by providing eligible persons with the opportunity to acquire a proprietary interest in the Corporation, in order to attract prospective officers and employees of the Corporation, and retain and reward existing officers and employees,

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

1.2 Structure of the Plan.

A. The Plan shall be divided into two separate equity programs:

1. the Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock, and

2. the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered to the Corporation (or any Parent or Subsidiary).

B. The provisions of Articles One and Four shall apply to both equity programs under the Plan and shall govern the interests of all persons under the Plan.

1.3 Administration of the Plan.

A. The Plan shall be administered by the Board. However, any or all administrative functions otherwise exercisable by the Board may be delegated to the Committee. Members of the Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

B. The Plan Administrator shall have full power and authority to establish such rules and regulations as it may deem appropriate for proper administration of the Plan and to make such determinations under, and issue such interpretations of, the Plan and any outstanding options or stock issuances thereunder as the Plan Administrator may deem necessary or advisable. Decisions of the Plan Administrator shall be final and binding on all parties who have an interest in the Plan or any option or stock issuance thereunder.

1.4 Eligibility.

A. The persons eligible to participate in the Plan are as follows:

1. Employees,

2. non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

3. consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. The Plan Administrator shall have full authority to determine (i) with respect to the option grants under the Option Grant Program, which eligible persons are to receive option grants, the time or times when such option grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an Incentive Option or a Non-Statutory Option, the time or times at which each option is to become exercisable, the vesting schedule (if any) applicable to the option shares, the maximum term for which the option is to remain outstanding, and any restrictions on transfer of shares received on the exercise of option grants, and (ii) with respect to stock issuances under the Stock Issuance Program, which eligible persons are to receive stock issuances, the time or times when such issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares, the consideration to be paid for such shares, and any restrictions on transfer for shares issued under the Stock Issuance Program.

C. The Plan Administrator shall have the absolute discretion either to grant options in accordance with the Option Grant Program or to effect stock issuances in accordance with the Stock Issuance Program.

1.5 Stock Subject to the Plan.

A. Subject to Section 1.5.C., the stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock. The maximum number of shares of Common Stock that may be issued over the term of the Plan shall not exceed 538,635 shares, unless increased in accordance with the terms hereof.

B. Shares of Common Stock subject to outstanding options shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall be available for subsequent issuance under the Plan to the extent (i) the options expire or terminate for any reason prior to exercise in full or (ii) the options are canceled in accordance with the cancellation-regrant provisions of Article Two. Unvested shares issued under the Plan, and subsequently forfeited or repurchased by the Corporation at the original issue price paid per share pursuant to the Corporation's repurchase rights under the Plan, shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall be available for reissuance through one or more subsequent option grants or direct stock issuances under the Plan.

C. In the event of any stock split, stock dividend, merger, reorganization, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan and (ii) the number and/or class of securities and the exercise price per share in effect under each outstanding option in order to prevent the dilution or enlargement of rights and benefits thereunder. The adjustments determined by the Plan Administrator shall be final, binding and conclusive. In no event shall any such adjustments be made in connection with the conversion of one or more outstanding shares of the Corporation's preferred stock into shares of Common Stock.

1.6 Drag-Along Rights

A. Except as otherwise approved by the Board, any agreement conveying Incentive Stock to a Participant shall contain provisions that obligate Participants to transfer up to 100% of their Incentive Stock to a purchaser if so required by the sellers of capital stock comprising two-thirds of the outstanding voting power of the Corporation's capital stock, on the same terms and conditions as , and to vote in favor of certain Corporate Transactions, when required by two-thirds of the outstanding voting power of the Corporation's capital stock.

B. The language embodying the obligations of Participants set forth in Section 1.6.B. shall be set forth in the Stock Issuance Agreement or agreement with respect to the exercise of each Option.

ARTICLE TWO
OPTION GRANT PROGRAM

2.1 Option Terms.

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each document shall comply with the terms specified below. Each document evidencing an Incentive Option shall be subject to the provisions of the Plan applicable to such options.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator and may be equal to or greater than the Fair Market Value per share of Common Stock on the option Grant Date.

2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section 4.1 and the documents evidencing the option, be payable as follows:

(i) In cash or check made payable to the Corporation;

(ii) If permitted by the Plan Administrator, in shares of Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date;

(iii) If the Plan Administrator so permits, and the Common Stock is registered under Section 12(g) of the 1934 Act at the time the option is exercised and to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which Optionee shall concurrently provide irrevocable written instructions to (a) a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale; or

(iv) If permitted by the Plan Administrator, and then permitted as valid consideration by applicable corporate law, by delivery of a promissory note, the terms of which shall be determined by the Plan Administrator in its sole discretion.

3. The Plan Administrator may, in its discretion, require an Optionee to pay to the Corporation (or the Corporation's Subsidiary if the Optionee is an employee of a Subsidiary of the Corporation), at the time of the exercise of an option or thereafter, the amount that the Plan Administrator deems necessary to satisfy the Corporation's or its Subsidiary's current or future obligation to withhold federal, state, or local income or other taxes that the Optionee incurs by exercising an option. In connection with the exercise of an option requiring tax withholding, an Optionee may (a) direct the Corporation to withhold from the shares of Common Stock to be issued to the Optionee the number of shares necessary to satisfy the Corporation's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value as of the date of exercise; (b) deliver to the Corporation sufficient shares of Common Stock (based upon the Fair Market Value as of the date of such delivery) to satisfy the Corporation's tax withholding obligations, which tax withholding obligation is based on the shares' Fair Market Value as of the later of the date of exercise or the date as of which the shares of Common Stock issued in connection with such exercise become includable in the income of the Optionee; or (c) deliver sufficient cash to the Corporation to satisfy its tax withholding obligations. Optionees who elect to use

such a Common Stock withholding feature must make the election at the time and in the manner that the Committee prescribes. The Plan Administrator may, at its sole option, deny any Optionee's request to satisfy withholding obligations through Common Stock instead of cash. If the Plan Administrator subsequently determines that the aggregate Fair Market Value (as determined above) of any shares of Common Stock withheld or delivered as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Optionee shall pay to the Corporation, immediately upon the Plan Administrator's request, the amount of that deficiency in the form of payment requested by the Plan Administrator.

4. If the exercise of an Option does not give rise to an obligation to withhold federal income or other taxes on the date of exercise, the Plan Administrator may, in its discretion, require an Optionee to place shares of Common Stock purchased under the option in escrow for the benefit of the Corporation until such time as federal income or other tax withholding is no longer required with respect to such shares or until such withholding is required on amounts included in the gross income of the Optionee as a result of the exercise of an Option or the disposition of shares of Common Stock acquired pursuant to the exercise. At such later time, the Plan Administrator, in its discretion, may require an Optionee to pay to the Corporation the amount that the Corporation deems necessary to satisfy the Corporation's obligations to withhold federal, state, or local income or other taxes incurred by reason of the exercise of the option or the disposition of shares of Common Stock. Upon receipt of such payment by the Corporation, such shares of Common Stock shall be released from escrow to the Optionee.

B. Exercise and Term of Options. Each option shall be exercisable at such time or times during such period and for the number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of 10 years measured from the option Grant Date.

C. Effect of Termination of Service.

1. The following provisions shall govern the exercise of any options held by Optionee at the time of cessation of Service, death or Permanent Disability, unless otherwise determined by the Plan Administrator:

(i) Any option outstanding at the time of Optionee's cessation of Service for any reason (other than death, Permanent Disability or Misconduct) shall remain exercisable for a period of 90 days thereafter and as set forth in the documents evidencing the option, but no option shall be exercisable after the expiration of the option term.

(ii) Any option exercisable in whole or in part by Optionee at the time of Optionee's death shall remain exercisable for a period of one year thereafter and as set forth in the documents evidencing the option, but no option shall be exercisable after the expiration of the option term. Such option may be exercisable subsequently by the personal representative of Optionee's estate or by the person or persons to whom the option is transferred pursuant to Optionee's will or in accordance with the laws of descent and distribution.

(iii) Any option exercisable in whole or in part by Optionee at the time of cessation of Service due to Permanent Disability shall remain exercisable for a period of one year thereafter and as set forth in the documents evidencing the option, but no option shall be exercisable after the expiration of the option term.

(iv) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

(v) If Optionee's Service is terminated for Misconduct, then all outstanding options held by Optionee shall terminate immediately and cease to be outstanding.

2. The Plan Administrator shall have the discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

(i) extend the period of time for which the option is to remain exercisable following Optionee's cessation of Service from the period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Common Stock for which such option is exercisable at the time of Optionee's cessation of Service but also with respect to one or more additional installments in which Optionee would have vested under the option had Optionee continued in Service.

D. Shareholder Rights. The holder of an option shall have no shareholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

E. Repurchase Rights. The Plan Administrator shall have the discretion to grant options that are exercisable for unvested shares of Common Stock. If Optionee ceases Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, if any, any or all of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right. As used in this Article Two, the term "repurchase rights" includes the Corporation's rights to receive back without consideration unvested shares which are forfeited.

F. First Refusal Rights. Until such time as the Common Stock is first registered under Section 12(g) of the 1934 Act, or such other time as is determined by the Plan Administrator and set forth in the Stock Issuance Agreement or other separate agreement, the Corporation shall have a right of first refusal with respect to any proposed disposition by Optionee (or any successor in interest) of any shares of Common Stock issued under the Option Grant Program. Such right of first refusal shall be exercisable in accordance with the terms established by the Plan Administrator and set forth in the document evidencing such right.

G. Limited Transferability of Options. During the lifetime of Optionee, Incentive Options shall be exercisable only by Optionee and shall not be assignable or transferable other than by will or by the laws of descent and distribution following Optionee's death. However, a Non-Statutory Option may, in connection with Optionee's estate plan, be assigned in whole or in part during Optionee's lifetime to one or more members of Optionee's immediate family or to an estate planning entity established exclusively for Optionee or for one or more of such family members. In addition, Non-Statutory Options may, with the consent of the Plan Administrator, be assigned in whole or in part during Optionee's lifetime to an entity of which Optionee is an officer, director, shareholder, partner or affiliate. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

2.2 Incentive Options.

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section 2.2, all the provisions of Articles One, Two and Four shall be applicable to Incentive Options. Options designated as Non-Statutory Options shall not be subject to the terms of this Section 2.2.

A. Eligibility. Incentive Options may only be granted to Employees.

B. Exercise Price. The exercise price per share shall not be less than 100% of the Fair Market Value per share of Common Stock on the option Grant Date.

C. Dollar Limitation. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of $100,000. To the extent the Employee holds two or more such options that become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

D. 10% Shareholder. If any Employee to whom an Incentive Option is granted is a 10% Shareholder, then the exercise price per share shall not be less than 110% of the Fair Market Value per share of Common Stock on the option Grant Date and the option term shall not exceed five years measured from the option Grant Date.

2.3 Corporate Transaction.

A. In the event of any Corporate Transaction, each outstanding option shall automatically accelerate so that each option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable for all of the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully-vested shares of Common Stock. However, an outstanding option shall not so accelerate if and to the extent: (i) such option is, in connection with the Corporate Transaction, either to be assumed by the successor corporation (or parent thereof) or to be replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof), (ii) such option is to be replaced with a cash incentive program of the successor that preserves the spread existing on the unvested option shares at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such option or (i) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant. The determination of option comparability under clause (i) above shall be made by the Plan Administrator, and the Plan Administrator's determination shall be final, binding and conclusive.

B. All outstanding repurchase rights shall also terminate automatically, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent: (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following consummation of the Corporate Transaction, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

D. Each option that is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities that would have been issuable to Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the number and class of securities available for issuance under the Plan following the consummation of such Corporate Transaction and (ii) the exercise price payable per share under each outstanding option, provided that the aggregate exercise price payable for such securities shall remain the same.

E. The Plan Administrator shall have the discretion, exercisable at the time the option is granted or at any time while the option remains outstanding, to provide that any options that are

assumed or replaced in the Corporate Transaction and do not otherwise accelerate at that time, shall be subject to the requirement that if Optionee's Service should subsequently terminate by reason of an Involuntary Termination within 12 months following the effective date of such Corporate Transaction, all or part of Optionee's unvested options shall vest immediately, and any options so accelerated shall remain exercisable for fully-vested shares until the earlier of (i) the expiration of the option term or (ii) the expiration of the one-year period measured from the effective date of the Involuntary Termination.

F. The Plan Administrator shall have the discretion, exercisable either at the time the option is granted or at any time while the option remains outstanding, to provide for the automatic acceleration of one or more outstanding options (and the automatic termination of one or more outstanding repurchase rights with the immediate vesting of the shares of Common Stock subject to those rights) upon the occurrence of a Corporate Transaction, whether or not those options are to be assumed or replaced (or those repurchase rights are to be assigned) in the Corporate Transaction.

G. The portion of any Incentive Option accelerated in connection with a Corporate Transaction shall remain exercisable as an Incentive Option only to the extent the applicable $100,000 limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the federal tax laws.

H. The grant of options under the Plan shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

2.4 Cancellation and Re-Grant of Options.

The Plan Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Option Grant Program and to grant in substitution new options covering the same or different number of shares of Common Stock but with an exercise price per share based on the Fair Market Value per share of Common Stock on the new Grant Date.

ARTICLE THREE
STOCK ISSUANCE PROGRAM

3.1 Stock Issuance Terms.

Shares of Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement that complies with the items specified below.

A. Purchase Price.

1. The purchase price per share, if any, shall be fixed by the Plan Administrator.

2. Subject to the provisions of Section 4.1, shares of Common Stock may be issued under the Stock Issuance Program for items of consideration which the Plan Administrator may deem appropriate in each individual instance and which meet the requirements of applicable corporation law.

B. Vesting Provisions.

1. Shares of Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) that the Participant may have the right to receive with respect

to the Participant's unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangement as the Plan Administrator shall deem appropriate.

3. The Participant shall have full shareholder rights with respect to any shares of Common Stock issued to the Participant under the Stock Issuance Program, whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any dividends paid on such shares.

4. If the Participant ceases to remain in Service while holding one or more unvested shares of Common Stock issued under the Stock Issuance Program or if the performance objectives are not attained with respect to one or more of such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further shareholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money indebtedness), the Corporation shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to the surrendered shares. As used in this Article Three, the term "repurchase rights" includes the Corporation's rights to receive back without consideration unvested shares which are forfeited by Participant.

5. The Plan Administrator may, in the Plan Administrator's sole discretion, waive the surrender and cancellation of one or more unvested shares of Common Stock (or other assets attributable thereto) that would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to such shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

C. First Refusal Rights; Other Restrictions on Transfer. Until such time as the Common Stock is first registered under Section 12(g) of the 1934 Act, or such other time as is determined by the Plan Administrator and set forth in the Stock Issuance Agreement or other separate agreement, the Corporation shall have a right of first refusal with respect to any proposed disposition by the Participant (or any successor in interest) of any shares of Common Stock issued under the Stock Issuance Program. Such right of first refusal shall be exercisable in accordance with the terms established by the Plan Administrator and set forth in the Stock Issuance Agreement or other separate agreement. In addition, the Plan Administrator may impose other restrictions or conditions on the transfer of shares of Common Stock issued under the Stock Issuance Program at the time such shares are issued, which restrictions shall be set forth in the Stock Issuance Agreement or other separate agreement.

3.2 Corporate Transaction.

A. All of the outstanding repurchase rights under the Stock Issuance Program shall terminate automatically, and all the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent (i) those repurchase rights are assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. The Plan Administrator shall have the discretion, exercisable either at the time the unvested shares are issued or at any time while the Corporation's repurchase right remains outstanding, to provide for the automatic termination of one or more outstanding repurchase rights that are assigned in the Corporate Transaction, and the immediate vesting of the shares of Common Stock subject to those rights, if the Participant's Service should subsequently terminate by reason of an Involuntary Termination within 18 months following the effective date of such Corporate Transaction.

C. The Plan Administrator shall have the discretion, exercisable either at the time the unvested shares are issued or at any time while the Corporation's repurchase right remains outstanding, to provide for the automatic termination of one or more outstanding repurchase rights, and the immediate vesting of the shares of Common Stock subject to those rights, upon the occurrence of a Corporate Transaction, whether or not those repurchase rights are assigned in connection with the Corporate Transaction.

3.3 Share Escrow/Legends.

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FOUR
MISCELLANEOUS

4.1 Financing.

A. The Plan Administrator may permit any Optionee or Participant to pay the option exercise price or the purchase price for shares issued under the Plan by delivering a promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in the Plan Administrator's sole discretion. Promissory notes may be authorized with or without security or collateral. In all events, the maximum credit available to Optionee or Participant may not exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares plus (ii) any federal, state and local income and employment tax liability incurred by Optionee or the Participant in connection with the option exercise or share purchase; provided, however, the shares purchased upon the exercise of an option shall not be paid through the use of a promissory note if such payment is not permitted as valid consideration by applicable corporate law.

B. The Plan Administrator may, in the Plan Administrator's sole discretion, determine that one or more such promissory notes shall be subject to forgiveness by the Corporation in whole or in part upon such terms as the Plan Administrator may deem appropriate.

4.2 Effective Date and Term of the Plan.

A. The Plan shall become effective when adopted by the Board, and shall be submitted to the Corporation's shareholders for approval. If such shareholder approval is not obtained within 12 months after the date of the Board's adoption of the Plan, then all options previously granted under the Plan shall automatically, without any action on the part of the Corporation, be treated as Non-Statutory Options. The Plan Administrator may grant options and issue shares under the Plan at any time after the effective date of the Plan and before the date fixed herein for termination of the Plan.

B. The Plan shall terminate upon the earliest of (i) the expiration of the 10-year period measured from the date the Plan is adopted by the Board, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully vested shares or (iii) the termination of all outstanding options in connection with a Corporate Transaction. Upon such Plan termination, all options and unvested stock issuances outstanding under the Plan shall continue to have full force and effect in accordance with the provisions of the documents evidencing such options or issuances.

4.3 Amendment of the Plan.

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect any rights and obligations with respect to options or unvested stock issuances at the time outstanding under the Plan, unless Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require shareholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Common Stock may be granted under the Plan and shares of Common Stock may be issued under the Plan that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under the Plan are held in escrow until there is obtained shareholder approval of an amendment sufficiently increasing the number of shares of Common Stock available for issuance under the Plan. If such shareholder approval is not obtained within 12 months after the date the first such excess grants or issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short-Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically canceled and cease to be outstanding.

4.4 Use of Proceeds.

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

4.5 Withholding.

The Corporation's obligation to deliver shares of Common Stock upon the exercise of any options or upon the issuance or vesting of such shares issued under the Plan shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements.

4.6 Regulatory Approvals.

The implementation of the Plan, the granting of any option under the Plan and the issuance of any shares of Common Stock (i) upon the exercise of any option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the options granted under it and the shares of Common Stock issued pursuant to the Plan.

4.7 No Employment or Service Rights.

Nothing in the Plan shall confer upon Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

4.8 Not Subject to ERISA.

This Plan shall not be subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

EXECUTED as of the date of adoption first above written.

VITAL FARMS, INC.

By: /s/ Matthew O'Hayer
Name: Matthew O'Hayer
Title: CEO

APPENDIX

The following definitions shall be in effect under the Plan:

A. **Board** shall mean the Corporation's Board of Directors.

B. **Code** shall mean the Internal Revenue Code of 1986, as amended.

C. **Committee** shall mean a committee of two or more Board members appointed by the Board to exercise one or more administrative functions under the Plan.

D. **Common Stock** shall mean the Corporation's common stock, $.0001 par value.

E. **Corporate Transaction** shall mean any of the following transactions to which the Corporation is a party:

(i) a merger or consolidation in which the Corporation is not the surviving entity and in which the beneficial owners of the Corporation prior to the transaction own less than 50% of the voting securities of the surviving entity (calculated on a fully diluted basis);

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets, whether in a single transaction or in a series of related transactions, unless the sale, or disposition is made to a corporation owned directly or indirectly by the shareholders of the Corporation in substantially the same proportions as their ownership of the voting securities of the Corporation, calculated on a fully diluted basis;

(iii) a complete liquidation or dissolution of the Corporation;

(iv) the acquisition by any person or entity, or any group of persons or entities, directly or indirectly, of more than 50% of the issued and outstanding voting securities of the Corporation (calculated on a fully diluted basis) other than in a transaction approved by a majority of the disinterested directors of the Corporation;

(v) the election to the Board of Directors of a majority of directors different from those persons currently serving on the Board or nominees of the incumbent directors, unless prior to such election, such new directors are nominated by a majority of the disinterested directors of the Corporation; or

(vi) a public announcement of a tender or exchange offer by any person for 50% or more of the outstanding securities of the Corporation that the Board of Directors approves or fails to oppose in its statements in Schedule 14D-9 under the 1934 Act unless such tender or exchange offer is approved by a majority of the disinterested directors of the Corporation.

A transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Corporation's incorporation or to create a holding company that will be beneficially owned in substantially the same proportions by the persons or entities who held the Corporation's securities immediately before such transaction.

F. **Corporation** shall mean Vital Farms, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of the Corporation, which shall by appropriate action adopt the Plan.

G. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

H. **Exercise Date** shall mean the date on which the Corporation shall have received written notice of the option exercise.

I. **Fair Market Value** per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the Nasdaq National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed on any Stock Exchange nor traded on the Nasdaq National Market, then the Fair Market Value shall be determined by the Plan Administrator, in its reasonable judgment, after taking into account such factors as the Plan Administrator shall deem appropriate.

J. **Grant Date** shall mean the date on which the Board of Directors completes all action constituting an offer of an Option to an individual, including the specification of the exercise price and the number of share of stock to be subject of the Option, even though certain terms of the Agreement may not have been determined at such time and even though the Agreement may not be created or executed until a later time. For purposes of the preceding sentence, an offer shall be deemed made if the Board of Directors has completed all such action except communication of the grant of the option to the potential Optionee. In no event, however, shall an Optionee gain any rights in addition to those specified by the Board of Directors in its grant, regardless of the time that may pass between the grant of the option and the actual execution of the Agreement by the Corporation and the Optionee.

K. **Incentive Option** shall mean an option that satisfies the requirements of Code Section 422.

L. **Incentive Stock** means all shares of Common Stock issued pursuant to a grant made under the Option Grant Program or the Stock Issuance Program, and all shares of capital stock issued as dividends thereon, in exchange or in substitution therefor, or directly or indirectly with respect thereto, including without limitation shares issued pursuant to stock splits and recombinations, stock dividends, recapitalizations, mergers, acquistions, share exchanges and other transactions.

M. **Involuntary Termination** shall mean the termination of the Service of any individual that occurs by reason of such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct.

N. **Misconduct** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee or Participant, any unauthorized use or disclosure by Optionee or Participant of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other misconduct or any negligence by Optionee or Participant adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner, as determined by the Plan Administrator. The foregoing definition shall not be deemed to be inclusive of all the acts or omissions that the Corporation (or any Parent or Subsidiary) may consider as grounds for the dismissal or discharge of Optionee, Participant or any other person in the Service of the Corporation (or any Parent or Subsidiary).

O. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

P. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

Q. **Option Grant Program** shall mean the option grant program in effect under the Plan.

R. **Optionee** shall mean any person to whom an option is granted under the Option Grant Program.

S. **Parent** shall mean any entity (other than the Corporation) in an unbroken chain of entities ending with the Corporation, provided each entity in the unbroken chain (other than the Corporation) owns, at the time of the determination, securities possessing 50% or more of the total combined voting power of all classes of securities in one of the other entities in such chain.

T. **Participant** shall mean any person who is issued shares of Common Stock under the Stock Issuance Program.

U. **Permanent Disability** shall mean the inability of Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of 12 months or more.

V. **Plan** shall mean the Corporation's 2013 Incentive Plan.

W. **Plan Administrator** shall mean either the Board or the Committee, to the extent the Committee is at the time responsible for administration of the Plan.

X. **Service** shall mean a person's performance of services to the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance, a non-employee member of the Board or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

Y. **Stock Exchange** shall mean either the American Stock Exchange or the New York Stock Exchange or any successors thereto.

Z. **Stock Issuance Agreement** shall mean the agreement entered into by the Corporation and the Participant at the time of issuance of shares of Common Stock under the Stock Issuance Program.

AA. **Stock Issuance Program** shall mean the stock issuance program in effect under the Plan.

BB. **Subsidiary** shall mean any entity (other than the Corporation) in an unbroken chain of entities beginning with the Corporation, provided each entity (other than the last entity) in the unbroken chain owns, at the time of the determination, securities possessing 50% or more of the total combined voting power of all classes of securities in one of the other entities in such chain.

CC. **10% Shareholder** shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than 10% of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

Exhibit 10.3

VITAL FARMS, INC.
STOCK OPTION AGREEMENT

PART I

Vital Farms, Inc. (the "Company") has granted the following option to purchase shares of its Common Stock ("Option Shares"):

NOTE: If this option has been documented in the Carta system, all information in the table below and under the caption "Vesting Schedule," if not set forth herein, will be set forth in the information contained in Optionee's electronic acceptance documented in the Carta system. The Company's grant and Optionee's acceptance will be documented in the Carta system.

Optionee:

Grant Date:

Exercise Price per Share:

Number of Option Shares:

Expiration Date:

Type of Option:

Date Exercisable:

Vesting Schedule:

Part II of this Agreement is attached hereto and incorporated herein for all purposes.

PART II - AGREEMENT

THIS STOCK OPTION AGREEMENT (this "Agreement") is made and entered into by and between the Company and the Optionee named on Part I, as of the date set forth on Part I (the "Grant Date").

RECITALS

A. The Board has adopted the Plan for the purpose of retaining the services of selected Employees, non-employee members of the Board (or of the board of directors of any Parent or Subsidiary) and consultants and other independent advisors who provide services to the Company (or any Parent or Subsidiary).

B. Optionee is to render valuable services to the Company (or a Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company's grant of an option to Optionee.

C. Capitalized terms in this Agreement not otherwise defined herein shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Option. The Company hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of shares subject to the option (the "Option Shares") specified in Part I. The Option Shares shall be purchasable from time to time during the option term specified in Section 2 at the exercise price per share set forth on Part I (the "Exercise Price").

2. Option Term. This option shall have a term of 10 years measured from the Grant Date and shall accordingly expire at the close of business on the tenth anniversary of the Grant Date as set forth on Part I (the "Expiration Date"), unless sooner terminated in accordance with the terms hereof.

3. Limited Transferability. This option shall be neither transferable nor assignable by Optionee other than by will or by the laws of descent and distribution following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee. However, if this option is designated as a Non-Statutory Option in Part I, then this option may be assigned in whole or in part during Optionee's lifetime pursuant to a "Permitted Transfer", as defined below. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the Permitted Transfer. The terms applicable to the assigned portion shall be the same as those in effect for this option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

As used herein, "Permitted Transfer" shall mean a transfer of the Non-Statutory Option (i) to one or more members of Optionee's immediate family or to an estate planning entity established exclusively for Optionee or one or more members of Optionee's immediate family, or (ii) with the consent of the Plan Administrator, to an entity of which Optionee is an officer, director, shareholder, partner or affiliate. "Immediate family" as used herein shall mean spouse or partner, lineal descendant or antecedent, father, mother, brother or sister.

4. Exercisability/Vesting.

(a) This option shall vest and be exercisable as set forth in Part I (the "Vesting Schedule"), such Vesting Schedule being subject to acceleration as set forth in this Agreement. Subject to the relevant provisions and limitations contained herein, Optionee may exercise options which have vested in accordance with the Vesting Schedule. Optionee may not exercise unvested options unless specifically permitted in Part I hereof.

(b) If so designated in Part I, this option shall be immediately exercisable for any or all of the Option Shares, whether or not the Option Shares are vested in accordance with the Vesting

Schedule, and shall remain so exercisable until the Expiration Date or sooner termination of the option term in accordance with the terms hereof. Option Shares purchased under this option shall be subject to repurchase rights of the Company as set forth in this Agreement.

(c) If the option is immediately exercisable and Optionee exercises such option, Optionee shall, in accordance with the Vesting Schedule, vest in the Option Shares in one or more installments over his or her period of Service. Vesting in the Option Shares may be accelerated pursuant to the provisions of Section 6. In no event, however, shall any additional Option Shares vest following Optionee's cessation of Service.

5. Cessation of Service. The option term specified in Section 2 shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) If Optionee ceases to remain in Service for any reason (other than death, Permanent Disability or Misconduct) while this option is outstanding, then Optionee shall have a period of 3 months (commencing with the date of such cessation of Service) during which to exercise this option, but in no event shall this option be exercisable at any time after the Expiration Date.

(b) If Optionee dies while this option is outstanding, then the personal representative of Optionee's estate or the person or persons to whom the option is transferred pursuant to Optionee's will or in accordance with the laws of descent and distribution shall have the right to exercise this option. Such right shall lapse and this option shall cease to be outstanding upon the earlier of (A) the expiration of the 12-month period measured from the date of Optionee's death or (B) the Expiration Date.

(c) If Optionee ceases Service by reason of Permanent Disability while this option is outstanding, then Optionee shall have a period of 12 months, commencing with the date of such cessation of Service, during which to exercise this option. In no event shall this option be exercisable at any time after the Expiration Date.

(d) If Optionee's Service is terminated for Misconduct, then this option shall terminate immediately and cease to remain outstanding.

(e) During the post-Service exercise period, this option may not be exercised in the aggregate for more than the number of Option Shares in which Optionee is, at the time of Optionee's cessation of Service, vested in accordance with the Vesting Schedule. Upon the expiration of such post-Service exercise period or, if earlier, upon the Expiration Date, this option shall terminate and cease to be outstanding for any vested Option Shares for which the option has not been exercised. To the extent Optionee is not vested in the Option Shares at the time of Optionee's cessation of Service, this option shall immediately terminate and cease to be outstanding with respect to those shares.

6. Corporate Transaction.

(a) All the Option Shares subject to this option at the time of a Corporate Transaction but not otherwise vested shall automatically vest and the Company's repurchase rights with respect to those Option Shares set forth in this Agreement shall immediately terminate so that this option shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all of the Option Shares as fully-vested shares of Common Stock and may be exercised for any or all of those Option Shares. No such accelerated vesting of the Option Shares, however, shall occur if and to the extent: (i) this option is, in connection with the Corporate Transaction, either to be assumed by the successor Company (or parent thereof) or to be replaced with a comparable option to purchase shares of the capital stock of the successor Company (or parent thereof), and the Company's repurchase rights with respect to the Option Shares are to be assigned to such successor Company (or parent thereof) or (ii) this option is to be replaced with a cash incentive program of the successor Company which preserves the spread existing on the unvested Option Shares at the time of the Corporate Transaction (the excess of the Fair Market Value of those Option Shares over the Exercise Price payable for such shares) and provides for subsequent payout in accordance with the Vesting Schedule. The determination of option comparability under clause (i) shall be made by the Plan Administrator, and its determination shall be final, binding and conclusive.

(b) Immediately following the Corporate Transaction, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor Company (or parent thereof) in connection with the Corporate Transaction.

(c) If this option is assumed in connection with a Corporate Transaction, then this option shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction, and appropriate adjustments shall also be made to the Exercise Price provided the aggregate Exercise Price shall remain the same.

(d) [Intentionally omitted]

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Proprietary Information. In consideration of the Company's grant of this option and the Company's agreement to provide Optionee with confidential information of the Company, Optionee agrees to keep confidential and not to use or to disclose to others at any time during Optionee's period of Service and after Optionee's cessation of Service, for whatever reason, except as expressly consented to in writing by the Company or required by law, any secrets or confidential technology or proprietary information of the Company or any of its clients, including without limitation, any customer list, marketing plans or materials, or other trade secrets of the Company, or any matter or thing ascertained by Optionee through Optionee's affiliation with the Company, the use or disclosure of which matter or thing that might reasonably be construed to be contrary to the best interests of the Company or to give any other party a competitive advantage over the Company. Optionee further agrees that upon Optionee's cessation of Service, Optionee will neither take nor retain, without prior written authorization from the Company, any documents pertaining to the Company (other than paycheck stubs, benefit information, offer letters, or other materials pertaining to his salary or benefits with the Company). Without limiting the generality of the foregoing, Optionee agrees that Optionee will not retain, use or disclose any papers, customer lists, marketing materials or information, books, records, files, or other documents, copies thereof, or notes or other materials derived therefrom, or other confidential information of any kind belonging to the Company pertaining to the Company's business, sales, financial condition or products (or any similar materials relating to the Company's clients). Without limiting other possible remedies to the Company for the breach of this covenant, Optionee agrees that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be without the necessity of posting a bond, cash, or otherwise. Optionee further agrees that if any restriction contained in this Section is held by any court to be unenforceable or unreasonable, a lesser restriction shall be enforced in its place and remaining restrictions contained herein shall be enforced independently of each other. Optionee's obligations under this Section apply to all confidential information of the Company as well as to any and all confidential information relating to the Company's Subsidiaries.

8. Noncompetition.

(a) Basis of Covenants. The Company's business involves providing organic and natural poultry eggs and farm products to the wholesale and retail marketplaces. Optionee recognizes that the Company's decision to enter into this Agreement and to grant the option herein granted is induced primarily because of the covenants and assurances made by Optionee in this Agreement, that irrevocable harm and damage will be done to the Company if Optionee violates the obligation to maintain the confidentiality of proprietary information, or competes with the Company. Optionee stipulates and agrees that the consideration given by the Company in granting this option and in granting Optionee access to the confidential information of the Company gives rise to the Company's interest in the promises made by Optionee in this Section; further, Optionee stipulates that the

promises Optionee makes in this Section are designated to enforce the promises made by Optionee, including those set forth in Section 7. Optionee will continue to receive the Company's proprietary information and will receive training of substantial value as a result of Optionee's affiliation with the Company.

(b) Noncompetition Covenant. Optionee agrees that during Optionee's period of Service and for a period of 24 months following Optionee's cessation of Service, for whatever reason, Optionee shall not, directly or indirectly, as an employee, employer, contractor, consultant, agent, principal, shareholder, corporate officer, director, or in any other individual or representative capacity, engage or participate in any business or practice that is in competition in any manner whatsoever with the business of the Company. Any breach or attempted breach of this covenant or the covenants in Section 7 shall be deemed to be a termination for Misconduct under the Plan. For the purpose of this agreement, competition, competes or competing shall be defined as including without limitation, any business in the production of chicken eggs and other products that are marketed as "pastured" or "pasture-raised" or any similar term including or referencing the word "pasture", or any term implying that specifically to the birds producing such eggs are raised on pasture where each bird has 20 square feet or more of such area at any given time.

(c) Nonsolicitation Covenant. In addition, Optionee agrees that during Optionee's period of Service and for a period of 24 months following Optionee's cessation of Service, for whatever reason, Optionee shall not solicit, contract, or otherwise communicate for the purpose of soliciting business with any person, company or business of the sale or distribution of chicken eggs and other products that are marketed as "pastured" or "pasture-raised" or any similar term including or referencing the word "pasture, or any term implying that the birds producing such eggs are raised on pasture where each bird has 20 square feet or more of such area at any given time that was a client, customer, supplier, vendor or prospective client, customer, supplier or vendor of the Company, whom Optionee personally solicited, contacted, communicated with or accepted business from while Optionee was an employee of the Company at any time during the 12 months preceding termination of Service.

(d) Non-Interference Covenant. Optionee covenants and agrees that, for a period of 24 months following cessation of Service, for whatever reason, that Optionee shall not recruit, hire or attempt to recruit or hire, directly or by assisting others, any other employees of the Company, nor shall Optionee contact or communicate with any other employees of the Company for the purpose of inducing other employees to terminate their employment with the Company. For purposes of this covenant, "other employees" means employees who are actively employed by the Company at the time of the attempted recruiting or hiring.

9. Remedies.

(a) The covenants contained in Sections 7 and 8 shall be construed as an agreement ancillary to the other provisions of this Agreement and the existence of any claim or cause of action of Optionee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants. Without limiting other possible remedies to the Company for breach of the covenants in Sections 7 and 8, Optionee agrees that injunctive or other equitable relief will be available to enforce such covenants, such relief to be without the necessity of posting a bond, cash, or otherwise.

(b) If Optionee violates any of the covenants of Section 8, the 24-month term of the restriction violated shall be extended by the amount of time that Optionee was in violation.

(c) The Company and Optionee further agree that if any restriction contained in Section 7 or 8 is held by any appropriate forum to be unenforceable or unreasonable, a lesser restriction will be enforced in its place and remaining restrictions contained herein will be enforced independently of each other. Optionee agrees to pay any attorneys' fees, and expenses incurred by the Company if the Company chooses, in its sole discretion, to enforce any provision hereunder.

Without in any way limiting the other terms and provisions of this Agreement or the Plan, if Optionee violates Section 7 or 8 of this Agreement at a time that Optionee holds unexercised options granted under the Plan, such options shall be deemed immediately cancelled and shall have no further force and effect. In addition, if Optionee violates Section 7 or 8 of this Agreement following Optionee's exercise of options and acquisition of Option Shares, the Company shall have the right to repurchase such Option Shares for the Exercise Price per Option Share in accordance with the terms of the Stock Purchase Agreement between the Company and Optionee, in addition to Optionee's payment of all other damages that the Company has suffered as result of Optionee's breach, and to all other relief to which the Company is entitled under this Agreement and under applicable law.

10. Adjustment in Option Shares. If any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Company's receipt of consideration, appropriate adjustments shall be made to (a) the total number and/or class of securities subject to this option and (b) the Exercise Price in order to reflect such change and thereby preclude a dilution or enlargement of benefits hereunder.

11. Shareholder Rights. The holder of this option shall not have any shareholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.

12. Manner of Exercising Option.

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Company a Stock Purchase Agreement substantially in the form attached hereto as Exhibit A for the Option Shares for which the option is exercised, or such other form as may be prescribed by the Company.

(ii) Pay the aggregate Exercise Price, plus all applicable federal, state and local income and employment taxes, if any, for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Company;

(B) a promissory note payable to the Company, but only to the extent authorized by the Plan Administrator in accordance with Section 19;

(C) if then permitted by the Plan Administrator, in shares of Common Stock held by Optionee (or any other person or persons exercising the option) for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(D) if the Common Stock is registered under Section 12(g) of the 1934 Act and to the extent the option is exercised for vested Option Shares, through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable written instructions (i) to a Company-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable federal, state and local income and employment taxes required to be withheld by the Company by reason of such exercise and (ii) to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Stock Purchase Agreement delivered to the Company in connection with the option exercise.

(iii) Furnish to the Company appropriate documentation that the person exercising the option (if other than Optionee) has the right to exercise the option.

(iv) Execute and deliver to the Company such written representations as may be requested by the Company in order for it to comply with the applicable requirements of federal and state securities laws.

(b) As soon as practical after the Exercise Date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising the option) a certificate for the purchased Option Shares, with the appropriate legends affixed thereto. To the extent any such Option Shares are subject to repurchase rights, the certificates for those Option Shares shall be endorsed with an appropriate legend evidencing the Company's repurchase rights and may be held in escrow with the Company until such shares vest.

(c) In no event may this option be exercised for any fractional shares.

13. REPURCHASE RIGHTS; TRANSFER RESTRICTIONS. ALL OPTION SHARES ACQUIRED UPON THE EXERCISE OF THE OPTION MAY BE SUBJECT TO CERTAIN REPURCHASE RIGHTS, DRAG- ALONG RIGHTS, VOTING AGREEMENTS AND TRANSFER RESTRICTIONS EXERCISABLE BY THE COMPANY AND ITS ASSIGNS. THE TERMS OF SUCH RIGHTS ARE SPECIFIED IN THE STOCK PURCHASE AGREEMENT.

14. No Employment or Service Contract. Nothing in this Agreement shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause and with or without notice.

15. Compliance with Laws and Regulations.

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Company and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange (or to Nasdaq National Market, if applicable) on which the Common Stock may be listed for trading at the time of such exercise and issuance. As a condition precedent to the exercise of the option granted hereby, the Company may require Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

(b) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its best efforts to obtain all such approvals.

(c) OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED.

16. Arbitration. Any legal or equitable claims or disputes between Optionee and the Company, including without limitation, those arising out of or in connection with the Service, or the termination of Service, of Optionee by the Company (other than a suit for injunctive relief) will be resolved exclusively by binding arbitration. This Agreement applies to the following allegations, disputes, and claims for relief, but is not limited to those listed: wrongful discharge under statutory law and common law; employment discrimination based on federal, state, or local statute, ordinance, or governmental regulation; retaliatory discharge or other action; compensation disputes; tortious conduct; contractual violations (although no contractual relationship, other than at will employment and this Agreement and agreement to arbitrate, is hereby created); ERISA violations; and other statutory and common law claims and disputes.

The arbitration proceedings shall be conducted in Austin, Texas in accordance with the Commercial Dispute Resolution Rules (the "CDR Rules") of the American Arbitration Association ("AAA") in effect at the time a demand for arbitration is made. Optionee is entitled to representation by an attorney throughout the proceedings at his own expense; however, the Company agrees not to use an attorney in the arbitration hearing if the Optionee agrees to the same.

One arbitrator shall be used and shall be chosen by mutual agreement of the parties. If, within 30 days after the Optionee notifies the Company of an arbitrable dispute, no arbitrator has been chosen, an arbitrator shall be chosen from a list or lists of proposed arbitrators submitted by the AAA pursuant to its CDR Rules, except that (a) the number of preemptory strikes shall not be limited, and (b) if the parties fail to select an arbitrator from one or more lists, AAA shall not have the power to appoint the arbitrator but shall continue to submit lists until the arbitrator has been selected. The arbitrator shall coordinate, and limit as appropriate, all pre-arbitral discovery, which shall include document production, information requests, and depositions. The arbitrator shall issue a written decision and award stating the reasons therefor. The decision and award shall be final and binding on parties, their heirs, executors, administrators, successors, and assigns, and shall be treated as strictly confidential by the parties. The costs and expenses of the arbitration shall be borne evenly by the parties.

17. Successors and Assigns. Except to the extent otherwise provided in Sections 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and Company's assigns, the Company and its successors and assigns and Optionee, Optionee's assigns and the legal representatives, heirs and legatees of Optionee's estate.

18. Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at the Company's principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated on Part I. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

19. Financing. The Plan Administrator may, in its absolute discretion made without any obligation to do so, permit Optionee to pay the Exercise Price for the purchased Option Shares by delivering a full-recourse promissory note payable to the Company. The terms of any such promissory note (including the interest rate, the requirements for collateral and the terms of repayment) shall be established by the Plan Administrator in its sole discretion.

20. Construction. This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under this Agreement shall be conclusive and binding on all persons having an interest in this option.

21. Governing Law. This Agreement shall be governed by the laws of the State of Texas without giving effect to any choice or conflict of law provisions.

22. Acknowledgement: Optionee hereby acknowledges receipt of a copy of the Plan in the form attached hereto as Exhibit B.

23. Shareholder Approval.

(a) If this option is designated in Part I as an Incentive Option, then its character as an Incentive Option is subject to approval of the Plan by the Company's shareholders within 12 months after the adoption of the Plan by the Board. If such shareholder approval is not obtained, then this option, if designated as an Incentive Option in Part I, shall automatically, without any action on the part of the Company or Optionee, be treated as a Non-Statutory Option.

(b) If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock that may be issued under the Plan, then this option shall be void with respect to such excess shares, unless shareholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan.

24. Severability. If any provision of this Agreement is held by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable provision shall be severed from the remainder of this Agreement, and the remainder of this Agreement shall be enforced. In addition, the invalid, illegal or unenforceable provision shall be deemed to be automatically modified, and, as so modified, to be included in this Agreement, such modification being made to the minimum extent necessary to render the provision valid, legal and enforceable. Notwithstanding the foregoing, however, if the severed or modified provision concerns all or a portion of the essential consideration to be delivered under this Agreement by one party to the other, the remaining provisions of this Agreement shall also be modified to the extent necessary to equitably adjust the parties' respective rights and obligations hereunder.

25. Entire Agreement. Except as provided below, the Plan, this Agreement, including the exhibits and schedules attached hereto, if any, contains the entire agreement of the parties with respect to the subject matters hereof, and supersedes all prior agreements between them, whether oral or written, of any nature whatsoever with respect to the subject matter hereof. However, this Agreement does not supersede the Company's rights under any agreement between Optionee and the Company that (i) protects the Company's proprietary information or intellectual property, or (ii) prohibits Optionee from competing with the Company or soliciting the Company's customers, suppliers or employees; rather all such rights of the Company under any such agreements shall be in addition to the rights granted herein. In addition, if the Company and Optionee have entered into a separate agreement concerning arbitration of claims, the Company shall elect, within 10 days of notice from Optionee of a claim to be arbitrated, whether any such arbitration shall be governed by the provisions of this Agreement or of such separate agreement.

VITAL FARMS, INC.
STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of this day of , 20 , by and between Vital Farms, Inc., a Delaware corporation (the "Company"), and ("Optionee"), under the Company's 2013 Incentive Plan (the "Plan").

Capitalized terms in this Agreement not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. Exercise of Option.

(a) Purchase. Optionee hereby purchases shares of Common Stock (the "Purchased Shares") pursuant to that certain Stock Option Agreement (the "Option Agreement") dated , 20 (the "Grant Date"), to purchase up to shares of Common Stock under the Plan at the exercise price of $[ ] per share (the "Exercise Price").

(b) Payment. Concurrently with the delivery of this Agreement to the Company, Optionee shall pay the Exercise Price, plus all applicable federal, state and local income and employment taxes, if any, for the Purchased Shares in accordance with the provisions of the Option Agreement and, if the Purchased Shares are not fully vested (the "Unvested Shares"), shall deliver a duly-executed blank Stock Power in the form attached hereto as Exhibit I with respect to the Purchased Shares.

(c) Escrow. The Company shall have the right to hold the Purchased Shares in escrow until those shares have vested in accordance with the Vesting Schedule set forth in Part I of the Option Agreement (when so vested, the "Vested Shares").

(d) Shareholder Rights. Until such time as the Company exercises the Repurchase Right or the First Refusal Right (as defined below), Optionee or any successor in interest (Optionee and any successor-in-interest being sometimes referred to herein as "Owner"), shall have all the rights of a shareholder (including voting, dividend and liquidation rights) with respect to the Purchased Shares, subject, however, to the transfer restrictions of Section 2.

2. Transfer Restrictions.

(a) Restricted Securities. The Purchased Shares have not been registered under the Securities Act of 1933, as amended ("1933 Act"), and are being issued to Optionee in reliance upon one or more exemptions from such registration provided by Securities and Exchange Commission ("SEC"). Optionee hereby confirms that Optionee has been informed that the Purchased Shares are restricted securities under the 1933 Act and may not be resold or transferred unless the Purchased Shares are first registered under the federal securities laws or unless an exemption from such registration is available. Accordingly, Optionee hereby acknowledges that Optionee is prepared to hold the Purchased Shares for an indefinite period and that Optionee is aware that SEC Rule 144 issued under the 1933 Act, which exempts certain resales of restricted securities, is not presently available to exempt the resale of the Purchased Shares from the registration requirements of the 1933 Act.

(b) Restrictions on Disposition of Purchased Shares. Optionee shall not transfer, assign, encumber or otherwise dispose of any Unvested Shares. Without the Company's consent, Optionee shall not transfer, assign, encumber or otherwise dispose of any Vested Shares other than a Permitted Transfer (as defined below) unless and until there is compliance with all of the following requirements:

(i) Optionee shall have provided the Company with a written summary of the terms and conditions of the proposed disposition.

(ii) Optionee shall have complied with all requirements of this Agreement applicable to the disposition of the Purchased Shares, including without limitation, the First Refusal Right and Market Stand-Off (as defined below).

(iii) Optionee shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that (A) the proposed disposition does not require registration of the Purchased Shares under the 1933 Act or (B) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or any exemption from registration available under the 1933 Act (including Rule 144 promulgated thereunder) has been taken.

The Company shall not be required (i) to transfer on its books any Purchased Shares that have been sold or transferred in violation of the provisions of this Agreement or (ii) to treat as the Owner of the Purchased Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom the Purchased Shares have been transferred in contravention of this Agreement.

(c) Transferee Obligations. Each person, other than the Company, to whom the Purchased Shares are transferred by means of a Permitted Transfer must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Agreement and that the transferred shares are subject to (i) the Repurchase Right, (ii) the First Refusal Right and (iii) the Market Stand-Off, to the same extent such shares would be so subject if retained by Optionee.

(d) Restrictive Legends. The stock certificates for all Purchased Shares shall be endorsed with substantially the following restrictive legends:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER AND/OR THE SUBMISSION TO THE COMPANY OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY SUCH TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR APPLICABLE STATE SECURITIES LAWS AND/OR ANY RULE OR REGULATION PROMULGATED THEREUNDER.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AND CERTAIN REPURCHASE RIGHTS AND RIGHTS OF FIRST REFUSAL GRANTED TO THE COMPANY AND ACCORDINGLY, MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR IN ANY MANNER DISPOSED OF EXCEPT IN CONFORMITY WITH THE TERMS OF A STOCK PURCHASE AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). A COPY OF SUCH AGREEMENT IS MAINTAINED AT THE COMPANY'S PRINCIPAL CORPORATE OFFICES.

(e) Market Stand-Off.

(i) In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Company's initial public offering ("IPO"), Owner shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Company or its underwriters. Such restriction (the "Market Stand-Off") shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed 180 days.

(ii) Owner shall be subject to the Market Stand-Off provided and only if the officers and directors of the Company are also subject to similar restrictions.

(iii) Any new, substituted or additional securities that are by reason of any Recapitalization (as defined below) or Corporate Transaction distributed with respect to the Purchased Shares shall be immediately subject to the Market Stand-Off, to the same extent the Purchased Shares are at such time covered by such provisions.

(iv) In order to enforce the Market Stand-Off, the Company may impose stop transfer instructions with respect to the Purchased Shares until the end of the applicable stand- off provisions.

(f) Permitted Transfer. A "Permitted Transfer" shall mean a transfer of the Purchased Shares (i) to one or more members of Optionee's immediate family or to an estate planning entity established exclusively for Optionee or one or more members of Optionee's immediate family, (ii) to persons pursuant to Optionee's will or the laws of intestate succession following Optionee's death, (iii) to the Company in pledge as security for any purchase-money indebtedness incurred by Optionee in connection with the acquisition of the Purchased Shares, or (iv) with the consent of the Plan Administrator, to an entity of which Optionee is an officer, director, shareholder, partner or affiliate. "Immediate family" as used herein shall mean spouse or partner, lineal descendant or antecedent, father, mother, brother or sister.

3. Repurchase Right.

(a) Grant. The Company, or its assigns, is hereby granted the right (the "Repurchase Right"), exercisable at any time during the 90-day period following the date Optionee ceases for any reason to remain in Service, to repurchase at the Exercise Price all or any portion of the Unvested Shares. Except as otherwise set forth herein, Unvested Shares shall be repurchased at the Exercise Price.

(b) Exercise of Repurchase Right. The Repurchase Right shall be exercisable by written notice delivered to each Owner of the Unvested Shares prior to the expiration of the 90-day exercise period. The notice shall indicate the number of Unvested Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not more than 30 days after the date of such notice. The certificates representing the Unvested Shares to be repurchased shall be delivered to the Company prior to the close of business on the date specified for the repurchase. Concurrently with the receipt of such stock certificates, the Company shall pay to Owner, in cash or cash equivalents (including the cancellation of a purchase money indebtedness), an amount equal to the Exercise Price previously paid for the Unvested Shares that are to be repurchased from Owner.

(c) Termination of Repurchase Right. In addition, the Repurchase Right shall terminate and cease to be exercisable with respect to any and all Purchased Shares in which Optionee vests in accordance with the Vesting Schedule, subject, however, to Section 4(g). All Purchased Shares as to which the Repurchase Right lapses shall, however, remain subject to (i) the First Refusal Right and (ii) the Market Stand-Off.

(d) Aggregate Vesting Limitation. If the option is exercised in more than one increment so that Optionee is a party to one or more other Stock Purchase Agreements (the "Prior Purchase Agreements") which are executed prior to the date of this Agreement, then the total number of Purchased Shares as to which Optionee shall be deemed to have a fully-vested interest under this Agreement and all Prior Purchase Agreements shall not exceed in the aggregate the number of Purchased Shares in which Optionee would otherwise at the time be vested, in accordance with the Vesting Schedule, had all the Purchased Shares, including those acquired under the Prior Purchase Agreements, have been acquired exclusively under this Agreement.

(e) Recapitalization. Any new, substituted or additional securities or other property (including cash paid other than as a regular cash dividend) that is by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change

affecting the outstanding Common Stock as a class without the Company's receipt of consideration (a "Recapitalization"), distributed with respect to the Purchased Shares shall be immediately subject to the Repurchase Right, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments to reflect such distribution shall be made to the number and/or class of Purchased Shares subject to this Agreement and to the price per share to be paid upon the exercise of the Repurchase Right in order to reflect the effect of any such Recapitalization upon the Company's capital structure; provided, however, that the aggregate purchase price shall remain the same.

(f) Corporate Transaction.

(i) The Repurchase Right shall be assignable to the successor entity in any Corporate Transaction. However, to the extent the successor entity does not accept such assignment, the Repurchase Right shall lapse immediately prior to the consummation of the Corporate Transaction.

(ii) To the extent the Repurchase Right remains in effect following a Corporate Transaction, such right shall apply to the new capital stock or other property, including any cash payments, received in exchange for the Purchased Shares upon consummation of the Corporate Transaction, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Right to reflect the effect of the Corporate Transaction upon the Company's capital structure; provided, however, that the aggregate purchase price shall remain the same. The new securities or other property, including cash payments, issued or distributed with respect to the Purchased Shares upon consummation of the Corporate Transaction shall immediately be deposited in escrow with the Company (or the successor entity) and shall not be released from escrow until Optionee vests in such securities or other property in accordance with the same Vesting Schedule in effect for the Purchased Shares.

(iii) The Repurchase Right shall automatically lapse in its entirety, and all the Purchased Shares shall immediately vest in full, upon an Involuntary Termination of Optionee's Service within 18 months following the effective date of a Corporate Transaction in which the Repurchase Right has been assigned.

(g) Repurchase Option Upon Termination for Misconduct or Violation of Non- compete. Notwithstanding anything to the contrary herein, the Option Agreement or in the Plan, if an Owner who is an employee of the Company is terminated for Misconduct or violates, or attempts to violate, the non-competition or non-solicitation provisions of the Option Agreement, all Unvested Shares held by Owner shall be automatically forfeited and shall cease to be outstanding, without the payment of consideration therefor, and additionally, the Company shall have the option to repurchase all or any portion of any Vested Shares. The Company may, but is not obligated to, exercise its option by delivering written notice to each Owner of the Vested Shares within 90 days following the date of such termination. The notice shall indicate the number of Vested Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not more than 30 days after the date of such notice. The certificate(s) representing the Vested Shares to be repurchased shall be delivered to the Company prior to the close of business on the date specified for the repurchase, along with a duly executed stock power(s) transferring the Vested Shares to the Company. Concurrently with the receipt of such stock certificate(s) and duly executed stock power(s), the Company shall pay to Owner, by check, cash or cash equivalents (including the cancellation of any purchase-money indebtedness), an amount equal to the aggregate Exercise Price of the Vested Shares that are to be repurchased from Owner; provided, however, if Owner fails to deliver such certificate(s) and stock power(s) to the Company in a timely manner and the Company makes the check, cash or cash equivalents available to Owner on the date specified in the notice for repurchase of the Vested Shares, then the Vested Shares shall be deemed to have been repurchased by the Company as of such date, notwithstanding Owner's failure to deliver the stock certificate(s) evidencing such Vested Shares and stock power(s) transferring the Vested Shares to the Company. The Company's repurchase option shall terminate with respect to any Vested Shares for which it is not timely exercised under this Section, provided that all Vested Shares as to which the repurchase option lapses shall, however, remain subject to (i) the First Refusal Right and (ii) the Market Stand-Off.

4. Right of First Refusal.

(a) Grant. The Company is hereby granted the right of first refusal (the "First Refusal Right"), exercisable in connection with any proposed transfer of the Purchased Shares in which Optionee has vested in accordance with the Vesting Schedule and has the right to sell hereunder. For purposes of this Section 4, the term "transfer" shall include any sale, assignment, pledge, encumbrance or other disposition of the Purchased Shares intended to be made by Owner, but shall not include any Permitted Transfer.

(b) Notice of Intended Disposition. In the event any Owner of Purchased Shares in which Optionee has vested desires to accept a bona fide third-party offer for the transfer of any or all of such shares (the Purchased Shares subject to such offer to be hereinafter referred to as the "Target Shares"), Owner shall promptly (a) deliver to the Company written notice (the "Disposition Notice") of the terms of the offer, including the purchase price and the identity of the third-party offeror, and (b) provide satisfactory proof that the disposition of the Target Shares to such third-party offeror would not be in contravention of the provisions set forth in Section 2.

(c) Exercise of First Refusal Right. The Company shall, for a period of 45 days following receipt of the Disposition Notice, have the right to repurchase any or all of the Target Shares subject to the Disposition Notice upon the same terms as those specified therein or upon such other terms not materially different from those specified in the Disposition Notice to which Owner consents. Such right shall be exercisable by delivery of written notice (the "Exercise Notice") to Owner prior to the expiration of the 45-day exercise period. If such right is exercised with respect to all the Target Shares, then the Company shall effect the repurchase of such shares, including payment of the purchase price, not more than 15 business days after delivery of the Exercise Notice; and at such time the certificates representing the Target Shares shall be delivered to the Company.

If the purchase price specified in the Disposition Notice is payable in property other than cash or evidences of indebtedness, the Company shall have the right to pay the purchase price in cash equal in amount to the value of such property. If Owner and the Company cannot agree on such cash value within 30 days after the Company's receipt of the Disposition Notice, the valuation shall be made by an appraiser of recognized standing selected by Owner and the Company or, if they cannot agree on an appraiser within 45 days after the Company's receipt of the Disposition Notice, each shall select an appraiser of recognized standing and the two appraisers shall designate a third appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by Owner and the Company. The closing shall then be held on the later of (i) the 15th business day following delivery of the Exercise Notice or (ii) the 15th business day after such valuation shall have been made.

(d) Non-Exercise of First Refusal Right. In the event the Exercise Notice is not given to Owner prior to the expiration of the 45-day exercise period, Owner shall have a period of 30 days thereafter in which to sell or otherwise dispose of the Target Shares to the third-party offeror identified in the Disposition Notice upon terms, including the purchase price, no more favorable to such third-party offeror than those specified in the Disposition Notice; provided, however, that any such sale or disposition must not be effected in contravention of the provisions of Section 2. The third-party offeror shall acquire the Target Shares free and clear of the Repurchase Right, but the acquired shares shall remain subject to the provisions of Section 2, the First Refusal Right, and the Market Stand-Off. If Owner does not effect such sale or disposition of the Target Shares within the specified 30-day period, the First Refusal Right shall continue to be applicable to any subsequent disposition of the Target Shares by Owner until such right lapses.

(e) Recapitalization/Corporate Transaction.

(i) Any new, substituted or additional securities or other property which is by reason of any Recapitalization distributed with respect to the Purchased Shares shall be immediately subject to the First Refusal Right, but only to the extent the Purchased Shares are at the time covered by such right.

(ii) In the event of a Corporate Transaction or transaction to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons or entities who held the Company's securities immediately before such transaction, the First Refusal Right shall remain in full force and effect and shall apply to the new capital stock or other property received in exchange for the Purchased Shares in consummation of the Corporate Transaction, but only to the extent the Purchased Shares are at the time covered by such right.

(f) Lapse. The First Refusal Right shall lapse upon the earliest to occur of (i) the first date on which shares of the Common Stock are held of record by more than 500 persons, (ii) a determination is made by the Board that a public market exists for the outstanding shares of Common Stock or (iii) an firm commitment underwritten IPO covering the offer and sale of the Common Stock in the aggregate amount of at least $10,000,000. However, the Market Stand-Off shall continue to remain in full force and effect following the lapse of the First Refusal Right.

5. Drag-Along Rights

(a) Notwithstanding any other provision of this Agreement, if shareholders owning greater than 70% of the outstanding voting power of the capital stock of the Company of all classes (the "Selling Shareholders") elect to sell all of their stock to any person (the "Drag-Along Purchaser"), then the Selling Shareholders shall have the authority and right to require that Optionee transfer 100% of his or her Incentive Stock (as defined in the Plan) to the Drag-Along Purchaser at the same purchase price and otherwise upon the same terms and subject to the same conditions as apply to sale of the Selling Shareholders' stock.

(b) The Selling Shareholders electing to sell their stock shall provide at least fifteen (15) days written notice of such sale to the Company and the Optionee, including the name of the Drag-Along Purchaser, the consideration to be received for such stock and the other material terms and conditions of such sale. After the delivery of such notice, the Selling Shareholders shall provide Optionee with any additional information as is reasonably requested with respect to such sale. In the event that the consideration, terms and/or conditions set forth in the initial notice are thereafter amended in any material respect, the Selling Shareholders shall give written notice of the amended terms and conditions of the proposed sale to Optionee and each such notice of any material amendments to the terms shall be given at least 10 days prior to the sale.

(c) All sales of stock pursuant to this Section 5 shall be consummated at the offices of the Corporation, unless the Selling Shareholders elect otherwise, on a date specified by the Selling Shareholders (i) not less than fifteen (15) nor more than sixty (60) days after the initial notice delivered pursuant to subparagraph (a) above and (ii) not less than five (5) days after written notice of the date for such consummation is given by the Selling Shareholders to the Optionee. The delivery of certificates (if any) or other instruments evidencing such stock shall be made on such date, against payment of the purchase price for such stock, with such other instruments of transfer of such stock as may be reasonably requested by the Selling Shareholders and the Company. Additionally, Optionee shall comply with any other conditions to closing generally applicable to shareholders selling stock in such transaction. Optionee shall receive the same price and form of consideration as that received by the Selling Shareholders for his or her stock. To the extent that the parties to the sale are to provide any indemnification or otherwise assume any other post-closing liabilities, the Selling Shareholders and Optionee selling stock in a transaction under this Section 5 shall do so severally and not jointly (and on a pro rata basis in accordance with their respective stock being sold, provided that any Selling Shareholder, in his or her sole discretion, may assume greater liabilities) and their respective potential liability thereunder shall not exceed the proceeds received, subject to customary exceptions in excess of such limits. Furthermore, the Selling Shareholders and Optionee shall only be required to give customary representations and warranties, including, but not limited to, title to interests conveyed, legal authority and capacity and non-contravention of other agreements.

(d) Optionee, when selling capital stock in a transaction pursuant to this Section 5, shall bear his or her own expenses of such sale.

(e) In the event the Board has approved a Corporate Transaction other than a sale of stock as described in Section 5(a), and shareholders owning greater than 66 2/3% of the outstanding voting power of the capital stock of the Corporation of all classes (the "Approving Shareholders") indicate in writing to the Participants (the "Approval Notice") that they will vote their capital stock (in person, by proxy or by action by written consent, as applicable) in favor of such Corporate Transaction in the form attached to such Approval Notice, then each Participant shall vote (in person, by proxy or by action by written consent, as applicable) all Incentive Stock in favor of, and adopt, such Corporate Transaction in the form attached to such Approval Notice and to vote in opposition to any and all other proposals that could delay or impair the ability of the Company to consummate such Corporate Transaction. The Approval Notice shall be given to each Participant no later than 10 days prior to the vote or effective date of the written consent for such Corporate Transaction.

(f) Each Participant hereby constitutes and appoints as his or her proxies and hereby grants a power of attorney to the Chief Executive Officer of the Corporation, with full power of substitution, with respect to the voting of Incentive Shares as provided herein, and hereby authorizes each of them to represent and to vote, if and only if the Participant (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Section 5, all of such Participant's Incentive Stock in favor of the approval of a Corporate Transaction as required herein. Each Participant hereby revokes any and all previous proxies or powers of attorney with respect to the Incentive Stock and shall not hereafter, unless and until the provisions of this Section 5 terminate, purport to grant any other proxy or power of attorney with respect to any of the Incentive Stock, deposit any of the Incentive Stock into a voting trust or enter into any agreement, except as provided herein, arrangement or understanding with any person or entity, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of Incentive Stock, in each case, with respect to any of the matters set forth in this Section 5.

6. Special Tax Election.

(a) Section 83(b) Election. Under Code Section 83, the excess of the Fair Market Value of the Purchased Shares on the date any forfeiture restrictions applicable to such shares lapse, over the Exercise Price paid for such shares, will be reportable as ordinary income on the lapse date. For this purpose, the term "forfeiture restrictions" includes the right of the Company to repurchase the Purchased Shares pursuant to the Repurchase Right. Optionee may elect under Code Section 83(b) to be taxed at the time the Purchased Shares are acquired, rather than when and as such Purchased Shares cease to be subject to such forfeiture restrictions. Such election must be filed with the Internal Revenue Service within 30 days after the date of this Agreement. Even if the Fair Market Value of the Purchased Shares on the date of this Agreement equals the Exercise Price paid (and thus no tax is payable), the election must be made to avoid adverse tax consequences in the future. **THE FORM FOR MAKING THIS ELECTION IS ATTACHED AS EXHIBIT II HERETO. OPTIONEE UNDERSTANDS THAT FAILURE TO MAKE THIS FILING WITHIN THE APPLICABLE 30-DAY PERIOD WILL RESULT IN THE RECOGNITION OF ORDINARY INCOME AS THE FORFEITURE RESTRICTIONS LAPSE.**

(b) FILING RESPONSIBILITY. OPTIONEE ACKNOWLEDGES THAT IT IS OPTIONEE'S SOLE RESPONSIBILITY, AND NOT THE COMPANY'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(b), EVEN IF OPTIONEE REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON HIS OR HER BEHALF.

7. Arbitration. Any legal or equitable claims or disputes between Optionee and the Company, including without limitation, those arising out of or in connection with the Service, or the termination of Service, of Optionee by the Company (other than a suit for injunctive relief) will be resolved exclusively by binding arbitration. This Agreement applies to the following allegations, disputes, and claims for relief, but is not limited to those listed: wrongful discharge under statutory law and common law; employment discrimination based on federal, state, or local statute, ordinance, or governmental regulation; retaliatory discharge or other action; compensation disputes; tortious conduct; contractual violations (although no contractual relationship, other than at will employment and this Agreement and agreement to arbitrate, is hereby created); ERISA violations; and other statutory and common law claims and disputes.

The arbitration proceedings shall be conducted in Austin, Texas in accordance with the Commercial Dispute Resolution Rules (the "CDR Rules") of the American Arbitration Association ("AAA") in effect at the time a demand for arbitration is made. Optionee is entitled to representation by an attorney throughout the proceedings at his own expense; however, the Company agrees not to use an attorney in the arbitration hearing if Optionee agrees to the same.

One arbitrator shall be used and shall be chosen by mutual agreement of the parties. If, within 30 days after Optionee notifies the Company of an arbitrable dispute, no arbitrator has been chosen, an arbitrator shall be chosen from a list or lists of proposed arbitrators submitted by the AAA pursuant to its CDR Rules, except that (a) the number of preemptory strikes shall not be limited, and (b) if the parties fail to select an arbitrator from one or more lists, AAA shall not have the power to appoint the arbitrator but shall continue to submit lists until the arbitrator has been selected. The arbitrator shall coordinate, and limit as appropriate, all pre-arbitral discovery, which shall include document production, information requests, and depositions. The arbitrator shall issue a written decision and award stating the reasons therefor. The decision and award shall be final and binding on both parties, their heirs, executors, administrators, successors, and assigns, and shall be treated as strictly confidential by the parties. The costs and expenses of the arbitration shall be borne evenly by the parties.

8. General Provisions.

(a) Assignment. The Company may assign the Repurchase Right and/or the First Refusal Right to any person or entity selected by the Board, including without limitation, one or more shareholders of the Company.

(b) No Employment or Service Contract. Nothing in this Agreement or in the Plan shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause.

(c) Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by 10 days advance written notice under this Section to all other parties to this Agreement.

(d) No Waiver. The failure of the Company in any instance to exercise the Repurchase Right or the First Refusal Right shall not constitute a waiver of any other repurchase rights and/or rights of first refusal that may subsequently arise under the provisions of this Agreement or any other agreement between the Company and Optionee. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

(e) Cancellation of Shares. If the Company shall make available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Purchased Shares to be repurchased in accordance with the provisions of this Agreement, then from and after such time, the person from whom such shares are to be repurchased shall no longer have any rights as a holder of such shares other than the right to receive payment of such consideration in accordance with this Agreement. Such shares shall be deemed purchased in accordance with the applicable provisions hereof, and the Company shall be deemed the owner and holder of such shares, whether or not the certificates therefor have been delivered as required by this Agreement.

(f) Optionee Undertaking. Optionee hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either Optionee or the Purchased Shares pursuant to the provisions of this Agreement.

(g) Agreement Applicable to Community Interests. Any right or interest of a spouse of an Owner in the Purchased Shares, whether such right or interest is created by law (including community property laws) or otherwise, shall for all purposes hereof be included in, deemed a part of and bound by the same terms hereof as the Purchased Shares to which such right or interest relates or appertains, and any action taken, offer made or purchase right exercisable hereunder with reference to Purchased Shares owned by an Owner shall be applicable to any right or interest which the spouse of such Owner may have or be entitled to have therein. The spouse of Optionee agrees to execute the attached Spousal Consent to evidence the foregoing agreements as a condition precedent to the delivery of the Purchased Shares to Optionee, unless waived by the Plan Administrator, in its sole discretion.

(h) Termination. The Company may terminate the Plan at any time; however, such termination will not modify the terms and conditions of this Agreement without Optionee's consent.

(i) Severability. If any provision of this Agreement is held by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable provision shall be severed from the remainder of this Agreement, and the remainder of this Agreement shall be enforced. In addition, the invalid, illegal or unenforceable provision shall be deemed to be automatically modified, and, as so modified, to be included in this Agreement, such modification being made to the minimum extent necessary to render the provision valid, legal and enforceable. Notwithstanding the foregoing, however, if the severed or modified provision concerns all or a portion of the essential consideration to be delivered under this Agreement by one party to the other, the remaining provisions of this Agreement shall also be modified to the extent necessary to equitably adjust the parties' respective rights and obligations hereunder.

(j) Entire Agreement. Except as provided below, this Agreement, including the exhibits and schedules attached hereto, if any, contains the entire agreement of the parties with respect to the subject matters hereof, and supersedes all prior agreements between them, whether oral or written, of any nature whatsoever with respect to the subject matter hereof. However, this Agreement does not supersede the Company's rights under any agreement between Optionee and the Company that (i) protects the Company's proprietary information or intellectual property, or (ii) prohibits Optionee from competing with the Company or soliciting the Company's customers, suppliers or employees; rather all such rights of the Company under any such agreements shall be in addition to the rights granted herein. In addition, if the Company and Optionee have entered into a separate agreement concerning arbitration of claims, the Company shall elect, within 10 days of notice from Optionee of a claim to be arbitrated, whether any such arbitration shall be governed by the provisions of this Agreement or of such separate agreement.

(k) Governing Law. This Agreement shall be governed by the laws of the State of Texas without giving effect to any choice or conflict of law provisions.

(l) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon Optionee, Optionee's assigns and the legal representatives, heirs and legatees of Optionee's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

VITAL FARMS, INC.

_____

By: _____

Title: _____

OPTIONEE

_____

Print Name: _____

Address:

_____

_____

SPOUSAL CONSENT

I, spouse of , have read and am aware of, understand and fully consent and agree to the provisions of the Agreement attached hereto and its binding effect upon any interest, community or otherwise, I may own now or hereafter in any Purchased Shares, and agree that the termination of my marriage to for any reason shall not have the effect of removing any Purchased Shares otherwise subject to the Agreement from the coverage thereof. I hereby evidence such awareness, understanding, consent and agreement by joining in the Agreement and by executing below.

Signature of Spouse

Printed Name: _____

Address:

EXHIBIT I

STOCK POWER

FOR VALUE RECEIVED, _____ hereby sell(s), assign(s) and transfer(s) unto _____, _____ (_____) shares of the Common Stock of _____ (the "Company") standing in his or her name on the books of the Company represented by Certificate No. _____ herewith and do(es) hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the Company with full power of substitution in the premises.

Dated: _____, 20__

_____

Signature

Instruction: Please do not fill in any blanks other than the signature line. Please sign exactly as you would like your name to appear on the issued stock certificate. The purpose of this assignment is to enable the Company to exercise the Repurchase Right without requiring additional signatures on the part of Optionee.

EXHIBIT II

FEDERAL INCOME TAX CONSEQUENCES AND SECTION 83(b) TAX ELECTION

1. Federal Income Tax Consequences and Section 83(b) Election For Exercise of Non- Statutory Option. If the Purchased Shares are acquired pursuant to the exercise of a Non-Statutory Option, as specified in the Option Agreement, then under Code Section 83, the excess of the Fair Market Value of the Purchased Shares on the date any forfeiture restrictions applicable to such shares lapse over the Exercise Price paid for such shares will be reportable as ordinary income on the lapse date. For this purpose, the term "forfeiture restrictions" includes the right of the Company to repurchase the Purchased Shares pursuant to the Repurchase Right. However, Optionee may elect under Code Section 83(b) to be taxed at the time the Purchased Shares are acquired, rather than when and as such Purchased Shares cease to be subject to such forfeiture restrictions. Such election must be filed with the Internal Revenue Service within 30 days after the date of the Agreement. Even if the Fair Market Value of the Purchased Shares on the date of the Agreement equals the Exercise Price paid (and thus no tax is payable), the election must be made to avoid adverse tax consequences in the future. The form for making this election is attached as part of this exhibit. **FAILURE TO MAKE THIS FILING WITHIN THE APPLICABLE 30-DAY PERIOD WILL RESULT IN THE RECOGNITION OF ORDINARY INCOME BY OPTIONEE AS THE FORFEITURE RESTRICTIONS LAPSE.**

2. Federal Income Tax Consequences and Conditional Section 83(b) Election for Exercise of Incentive Option. If the Purchased Shares are acquired pursuant to the exercise of an Incentive Option, as specified in the Option Agreement, then the following tax principles shall be applicable to the Purchased Shares:

(i) For regular tax purposes, no taxable income will be recognized at the time the option is exercised.

(ii) The excess of (a) the Fair Market Value of the Purchased Shares on the date the option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares will be includible in Optionee's taxable income for alternative minimum tax purposes.

(iii) If Optionee makes a disqualifying disposition of the Purchased Shares, the Optionee will recognize ordinary income in the year of such disposition equal in amount to the excess of (a) the Fair Market Value of the Purchased Shares on the date the option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares. Any additional gain recognized upon the disqualifying disposition will be either short-term or long-term capital gain depending upon the period the Purchased Shares are held prior to the disposition.

(iv) For purposes of the foregoing, the term "forfeiture restrictions" will include the right of the Company to repurchase the Purchased Shares pursuant to the Repurchase Right. The term "disqualifying disposition" means any sale or other disposition of the Purchased Shares within two years after the Grant Date or within one year after the exercise date of the option.

(v) In the absence of final Treasury Regulations relating to Incentive Options, it is not certain whether Optionee may, in connection with the exercise of the option for any Purchased Shares at the time subject to forfeiture restrictions, file a protective election under Code Section 83(b) which would limit (a) Optionee's alternative minimum taxable income upon exercise and (b) Optionee's ordinary income upon a disqualifying disposition to the excess of the Fair Market Value of the Purchases Shares on the date the option is exercised over the Exercise Price paid for the Purchased Shares. Accordingly, such election if properly filed will only be allowed to the extent the final Treasury Regulations permit such a protective election. Page 2 of the attached form for making the election should be filed with any election made in connection with the exercise of an Incentive Option.

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SECTION 83(b) TAX ELECTION

This statement is being made under Section 83(b) of the Internal Revenue Code, pursuant to Treas. Reg. Section 1.83-2.

(1) The taxpayer who performed the services is:

Name: _____

Address: _____

Taxpayer Ident. No.: _____

(2) The property with respect to which the election is being made is _____ shares of common stock of _____, Inc., a _____ corporation.

(3) The property was issued on _____, ____.

(4) The taxable year in which the election is being made is the calendar year 200__.

(5) The property is subject to a substantial risk of forfeiture because the taxpayer's rights in the property are conditioned upon the future performance of substantial services.

(6) The fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is $____ per share.

(7) The amount paid for such property is $____ per share.

(8) A copy of this statement was furnished to _____, Inc., for whom taxpayer rendered the services underlying the transfer of property.

(9) This statement is executed on _____, 200__.

_____

Taxpayer

This election must be filed with the Internal Revenue Service Center with which taxpayer files his or her federal income tax returns within 30 days after the execution date of the Stock Purchase Agreement. This filing should be made by registered or certified mail, return receipt requested. Optionee must retain two copies of the completed form for filing with his or her federal and state tax returns for the current tax year and an additional copy for his or her records.

The property described in the above Section 83(b) election is comprised of shares of common stock acquired pursuant to the exercise of an incentive stock option under Section 422 of the Internal Revenue Code (the "Code"). Accordingly, it is the intent of the Taxpayer to utilize this election to achieve the following tax results:

1. The purpose of this election is to have the alternative minimum taxable income attributable to the purchased shares measured by the amount by which the fair market value of such shares at the time of their transfer to the Taxpayer exceeds the purchase price paid for the shares. In the absence of this election, such alternative minimum taxable income would be measured by the spread between the fair market value of the purchased shares and the purchase price which exists on the various lapse dates in effect for the forfeiture restrictions applicable to such shares. The election is to be effective to the full extent permitted under the Code.

2. Section 421(a)(1) of the Code expressly excludes from income any excess of the fair market value of the purchased shares over the amount paid for such shares. Accordingly, this election is also intended to be effective in the event there is a "disqualifying disposition" of the shares, within the meaning of Section 421(b) of the Code, which would otherwise render the provisions of Section 83(a) of the Code applicable at that time. Consequently, the Taxpayer hereby elects to have the amount of disqualifying disposition income measured by the excess of the fair market value of the purchased shares on the date of transfer to the Taxpayer over the amount paid for such shares. Since Section 421(a) presently applies to the shares which are the subject of this Section 83(b) election, no taxable income is actually recognized for regular tax purposes at this time, and no income taxes are payable, by the Taxpayer as a result of this election.

THIS PAGE 2 IS TO BE ATTACHED TO ANY SECTION 83(b) ELECTION FILED IN CONNECTION WITH THE EXERCISE OF AN INCENTIVE STOCK OPTION UNDER THE FEDERAL TAX LAWS.

VITAL FARMS, INC.
2020 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: [ ], 2020
APPROVED BY THE STOCKHOLDERS: [ ], 2020

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1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve plus any Returning Shares will become available for issuance pursuant to Awards granted under this Plan; and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) Plan Purpose. The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) Adoption Date; Effective Date. The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

2. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Awards will not exceed [ ] shares, which number is the sum of: (i) [ ][1] new shares, plus (ii) the Prior Plan's Available Reserve, plus (iii) the number of Returning Shares, if any, as such shares become available from time to time.

In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2021 and ending on (and including) January 1, 2030, in an amount equal to 4% of the total number of shares of Common Stock outstanding on December 31 of the preceding year; provided, however that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Common Stock.

(b) Aggregate Incentive Stock Option Limit. Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is [ ][2] shares.

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1 The sum of (i) and (ii) to equal 8% of total fully-diluted shares of common stock expected to be outstanding after IPO

2 Number of shares to equal 3x the share reserve

(c) Share Reserve Operation.

(i) Limit Applies to Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued; (2) the settlement of any portion of an Award in cash (*i.e.*, the Participant receives cash rather than Common Stock); (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award; or (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

(iii) Reversion of Previously Issued Shares of Common Stock to Share Reserve. The following shares of Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares; (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award; and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

3. ELIGIBILITY AND LIMITATIONS.

(a) Eligible Award Recipients. Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

(b) Specific Award Limitations.

(i) Limitations on Incentive Stock Option Recipients. Incentive Stock Options may be granted only to Employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(ii) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders. A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

(iv) Limitations on Nonstatutory Stock Options and SARs. Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as "service recipient stock" under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

(c) Aggregate Incentive Stock Option Limit. The aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any period commencing on the date of the Company's Annual Meeting of Stockholders for a particular year and ending on the day immediately prior to the date of the Company's Annual Meeting of Stockholders for the next subsequent year (the "***Annual Period***"), including Awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed (i) $500,000 in total value or (ii) in the event such Non-Employee Director is (A) the non-executive chairperson of the Board or (B) first appointed or elected to the Board during such Annual Period, $1,000,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes. The limitations in this Section 3(d) shall apply commencing with the Annual Period that begins on the Company's first Annual Meeting of Stockholders following the Effective Date.

4. OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a "cashless exercise" program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is

paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Common Stock equal to the number of Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Common Stock or cash (or any combination of Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, the following restrictions on the transferability of Options and SARs will apply, provided that except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration and *provided, further*, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer:

(i) Restrictions on Transfer. An Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request, including to a trust if the Participant is considered to be the sole beneficial owner of such trust (as determined under Section 671 of the Code and applicable state law) while such Option or SAR is held in such trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, subject to the execution of transfer documentation in a format acceptable to the Company and subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to a domestic relations order.

(f) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(g) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(h) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in terminated Award, the shares of Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(i) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of shares of Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions); provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(j) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(k) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Common Stock or their equivalents.

5. AWARDS OTHER THAN OPTIONS AND STOCK APPRECIATION RIGHTS.

(a) Restricted Stock Awards and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such

form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration.

(1) RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of consideration (including future services) as the Board may determine and permissible under Applicable Law.

(2) RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

(c) Other Awards. Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

6. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a); (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(a); and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an appropriate equivalent benefit, if any, for any fractional shares or rights to fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Transaction. The following provisions will apply to Awards in the event of a Transaction unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume or continue the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Transaction (referred to as the "***Current Participants***"), the vesting of such Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Transaction (contingent upon the effectiveness of the Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective time of the Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement or unless otherwise provided by the Board, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Transaction.

(iii) Awards Held by Persons other than Current Participants. In the event of a Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Common Stock or other payment pursuant to an Award; (5) the number of shares of Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that, a Participant's rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to, Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant foreign jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution therefor of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revest in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Delegation to an Officer. The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by Applicable Law,

other types of Awards) and, to the extent permitted by Applicable Law, the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

8. TAX WITHHOLDING.

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. federal, state, local and/or foreign tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a “cashless exercise” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board; or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of

the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company's and/or its Affiliate's withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. MISCELLANEOUS.

(a) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to an Award, as determined by the Board and contained in the applicable Award Agreement; *provided*, *however*, that (i) no dividends or dividend equivalents may be paid with respect to any such shares before the date such shares have vested under the terms of such Award Agreement, (ii) any dividends or dividend equivalents that are credited with respect to any such shares will be subject to all of the terms and conditions applicable to such shares under the terms of such Award Agreement (including, but not limited to, any vesting conditions), and (iii) any dividends or dividend equivalents that are credited with respect to any such shares will be forfeited to the Company on the date, if any, such shares are forfeited to or repurchased by the Company due to a failure to meet any vesting conditions under the terms of such Award Agreement.

(b) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

(c) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(d) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(e) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Award is reflected in the records of the Company.

(f) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(g) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(h) Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(i) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted

on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(j) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntary terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(k) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(l) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(m) Effect on Other Employee Benefit Plans. The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(n) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals will be made in accordance with the requirements of Section 409A.

(o) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(p) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware.

10. COVENANTS OF THE COMPANY.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed to be necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. ADDITIONAL RULES FOR AWARDS SUBJECT TO SECTION 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant's Separation from Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant's Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant's Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt Award in connection with a Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Transaction:

(1) If the Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Transaction, then such Award shall automatically terminate and be forfeited upon the Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Transaction, or instead substitute a cash payment equal to

the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Transaction, and regardless of whether or not such Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Transaction.

(i) If the Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. SEVERABILITY.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. TERMINATION OF THE PLAN.

The Board may suspend or terminate the Plan at any time.

No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders.

No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

14. DEFINITIONS.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) "***Acquiring Entity***" means the surviving or acquiring corporation (or its parent company) in connection with a Transaction.

(b) "***Adoption Date***" means the date the Plan is first approved by the Board or Compensation Committee.

(c) "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(d) "***Applicable Law***" means shall mean any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) "***Award***" means any right to receive Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) "***Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) "***Board***" means the Board of Directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) "***Cause***" has the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's attempted commission of, or participation in, any act constituting fraud, dishonesty, immoral or disreputable conduct; (ii) such Participant's material violation of any covenant or condition under the Plan or any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iii) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; (iv) such Participant's gross misconduct; (v) such Participant's commission of conduct which constitutes a felony under applicable law; or (vi) such Participant's failure or refusal to comply with a material directive from the Board, Participant's supervisor or, if applicable, the board of directors of any parent or subsidiary. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Board, in its sole discretion, with respect to Participants who are executive officers of the Company and by the Company's Chief Executive Officer, in his or her sole discretion, with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose or under any other agreement or contract.

(j) "***Change in Control***" or "***Change of Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, also constitutes a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(k) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(l) "***Committee***" means the Compensation Committee and any other committee of Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(m) "***Common Stock***" means the common stock of the Company.

(n) "***Company***" means Vital Farms, Inc., a Delaware corporation.

(o) "***Compensation Committee***" means the Compensation Committee of the Board.

(p) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such

services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person.

(q) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(r) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(s) "***Director***" means a member of the Board.

(t) "***determine***" ***or*** "***determined***" means as determined by the Board or the Committee (or its designee) in its sole discretion.

(u) "***Disability***" means, with respect to a Participant, such Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(v) "***Effective Date***" means immediately prior to the IPO Date, provided this Plan is approved by the Company's stockholders prior to the IPO Date.

(w) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(x) "***Employer***" means the Company or the Affiliate of the Company that employs the Participant.

(y) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(z) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aa) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(bb) "***Fair Market Value***" means, as of any date, unless otherwise determined by the Board, the value of the Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(cc) "***Governmental Body***" means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(dd) "***Grant Notice***" means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(ee) "***Incentive Stock Option***" means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(ff) "***IPO Date***" means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(gg) "***Materially Impair***" means any amendment to the terms of the Award that materially adversely affects the Participant's rights under the Award. A Participant's rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant's rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised; (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that

disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Laws.

(hh) "***Non-Employee Director***" means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("***Regulation S-K***")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(ii) "***Non-Exempt Award***" means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company, (ii) the terms of any Non-Exempt Severance Agreement.

(jj) "***Non-Exempt Director Award***" means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(kk) "***Non-Exempt Severance Arrangement***" means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant's termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(ll) "***Nonstatutory Stock Option***" means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(mm) "***Officer***" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(nn) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(oo) "***Option Agreement***" means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(pp) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(qq) "***Other Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 5(c).

(rr) "***Other Award Agreement***" means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(ss) "***Own,***" "***Owned,***" "***Owner,***" "***Ownership***" means that a person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(tt) "***Participant***" means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(uu) "***Performance Award***" means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Common Stock.

(vv) "***Performance Criteria***" means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any measure of performance selected by the Board.

(ww) "***Performance Goals***" means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that

any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement or the written terms of a Performance Cash Award.

(xx) "***Performance Period***" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(yy) "***Plan***" means this Vital Farms, Inc. 2020 Equity Incentive Plan, as amended from time to time.

(zz) "***Plan Administrator***" means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company's other equity incentive programs.

(aaa) "***Post-Termination Exercise Period***" means the period following termination of a Participant's Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(bbb) "***Prior Plan's Available Reserve***" means the number of shares available for the grant of new awards under the Prior Plan as of the Effective Date.

(ccc) "***Prior Plan***" means the Vital Farms, Inc. 2013 Incentive Plan.

(ddd) "***Prospectus***" means the document containing the Plan information specified in Section 10(a) of the Securities Act.

(eee) "***Restricted Stock Award***" or "***RSA***" means an Award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(fff) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general

terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ggg) "***Returning Shares***" means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (A) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (B) are not issued because such stock award or any portion thereof is settled in cash; (C) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (D) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (E) are withheld or reacquired to satisfy a tax withholding obligation.

(hhh) "***RSU Award***" or "***RSU***" means an Award of restricted stock units representing the right to receive an issuance of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(iii) "***RSU Award Agreement***" means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award grant. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(jjj) "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(kkk) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(lll) "***Section 409A***" means Section 409A of the Code and the regulations and other guidance thereunder.

(mmm) "***Section 409A Change in Control***" means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(nnn) "***Securities Act***" means the Securities Act of 1933, as amended.

(ooo) "***Share Reserve***" means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(ppp) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 4.

(qqq) "***SAR Agreement***" means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(rrr) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(sss) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(ttt) "***Trading Policy***" means the Company's policy permitting certain individuals to sell Company shares only during certain "window" periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(uuu) "***Transaction***" means a Corporate Transaction or a Change in Control.

(vvv) "***Unvested Non-Exempt Award***" means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Transaction.

(www) "***Vested Non-Exempt Award***" means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Transaction.

Exhibit 10.5

VITAL FARMS, INC.
STOCK OPTION GRANT NOTICE
(2020 EQUITY INCENTIVE PLAN)

Vital Farms, Inc. (the "***Company***"), pursuant to its 2020 Equity Incentive Plan (the "***Plan***"), has granted to you ("***Optionholder")*** an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan, and the Stock Option Agreement and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Stock Option Agreement shall have the meanings set forth in the Plan or the Stock Option Agreement, as applicable.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares of Common Stock Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Expiration Date:	

Type of Grant: [Incentive Stock Option][1] OR [Nonstatutory Stock Option]

Exercise and Vesting Schedule: Subject to the Optionholder's Continuous Service through each applicable vesting date, the Option will vest as follows:

[ ]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Stock Option Agreement and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Stock Option Agreement (together, the "***Option Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- [If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.]
- You consent to receive this Grant Notice, the Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

[1] If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first exercisable for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.

- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

VITAL FARMS, INC.

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

ATTACHMENTS: Stock Option Agreement, 2020 Equity Incentive Plan, Notice of Exercise

ATTACHMENT I

STOCK OPTION AGREEMENT

VITAL FARMS, INC.
2020 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

As reflected by your Stock Option Grant Notice ("***Grant Notice***"), Vital Farms, Inc. (the "***Company***") has granted you an option under its 2020 Equity Incentive Plan (the "***Plan***") to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the "***Option***"). Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Stock Option Agreement constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Transaction on your Option;

(b) Section 9(f) regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the Option; and

(c) Section 8(c) regarding the tax consequences of your Option.

Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. VESTING. Your option will vest as provided in your Grant Notice, subject to the provisions contained herein and the terms of the Plan. Vesting will cease upon the termination of your Continuous Service. [Notwithstanding the foregoing, if a Change in Control occurs and during the period beginning immediately prior to and ending twelve (12) months after the effective time of such Change in Control your Continuous Service terminates due to a termination by the Company (not including death or Disability) without Cause or due to your voluntary resignation for Good Reason, then, as of the date of termination of your Continuous Service, the vesting and exercisability of your option will be accelerated in full. For the avoidance of doubt, your option is also subject to the potential vesting acceleration that may occur in connection with a Transaction as set forth in the Plan and, for clarity, to the extent your option is assumed, continued or substituted for in a Change in Control pursuant to Section 6(c) of the Plan, the vesting acceleration described in the preceding sentence shall apply to such assumed, continued or substituted award(s), as applicable.

(a) "***Good Reason***" means the occurrence of any of the following events, conditions or actions taken by the Company (or successor to the Company, if applicable) without Cause and without your written consent: (i) a material reduction of your annual base salary; *provided, however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual base salary that is pursuant to a salary reduction program affecting substantially all of the similarly situated employees of the Company and that does not adversely affect you to a greater extent than other similarly situated employees; (ii) a material diminution in your authority, duties or responsibilities; (iii) a relocation of your principal place of employment with the Company (or successor to the Company, if applicable) to a place that increases your one-way commute by more than fifty (50) miles as compared to your then-current principal place of employment immediately prior to such relocation (excluding regular travel in the ordinary course of business); or (iv) a material breach by the Company of any provision of this Option Agreement or your employment agreement with the Company; *provided, however*, that in each case above, in order for your resignation to be deemed to have been for Good Reason, you must first give the Board written notice of the action or omission giving rise to "Good Reason" within thirty (30) days after the first occurrence thereof; the Company must fail to reasonably cure such action or omission within thirty (30) days after receipt of such notice (the "***Cure Period***"), and your resignation from all positions you hold with the Company must be effective not later than thirty (30) days after the expiration of such Cure Period.

(b) If any payment or benefit you would receive from the Company or otherwise in connection with a Change in Control or other similar transaction (a "***280G Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then any such 280G Payment (a "***Payment***") shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***").

Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that

are “deferred compensation” within the meaning of Section 409A of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change of control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the first paragraph of this Section 2(b) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of the first paragraph of this Section 2(b) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the first paragraph of this Section 2(b), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.]

3. EXERCISE.

(a) You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review Sections 4(i), 4(j) and 7(b)(v) of the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash, check, bank draft or money order;

(ii) pursuant to a “cashless exercise” program as further described in Section 4(c)(ii) of the Plan if at the time of exercise the Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Common Stock as further described in Section 4(c)(iii) of the Plan; or

(iv) subject to Company and/or Committee consent at the time of exercise, if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement as further described in Section 4(c)(iv) of the Plan.

(c) By accepting your Option, you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided*, *however*, that nothing contained in this Section 3(c) will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 3(c). The underwriters of the Company's stock are intended third party beneficiaries of this Section 3(c) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;

(c) 12 months after the termination of your Continuous Service due to your Disability;

(d) 18 months after your death if you die during your Continuous Service;

(e) immediately upon a Transaction if the Board has determined that the Option will terminate in connection with a Transaction,

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 4(b) or 4(c) above, the term of your Option shall not expire until the earlier of (i) eighteen months after your death, (ii) upon any termination of the Option in connection with a Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in Section 4(i) of the Plan.

To obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your Option and ending on the day three months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an Incentive Stock Option if you exercise your Option more than three months after the date your employment terminates.

5. WITHHOLDING OBLIGATIONS. As further provided in Section 8 of the Plan: (a) you may not exercise your Option unless the applicable tax withholding obligations are satisfied, and (b) at the time you exercise your Option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with the exercise of your Option in accordance with the withholding procedures established by the Company. Accordingly, you may not be able to exercise your Option even though the Option is vested, and the Company shall have no obligation to issue shares of Common Stock subject to your Option, unless and until such obligations are satisfied. In the event that the amount of the Company's withholding obligation in connection with your Option was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. INCENTIVE STOCK OPTION DISPOSITION REQUIREMENT. If your option is an Incentive Stock Option, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two years after the date of your option grant or within one year after such shares of Common Stock are transferred upon exercise of your option.

7. TRANSFERABILITY. Except as otherwise provided in Section 4(e) of the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

8. TRANSACTION. Your Option is subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from

Section 409A only if the exercise price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

10. SEVERABILITY. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid

11. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

12. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * * *

ATTACHMENT II

2020 EQUITY INCENTIVE PLAN

ATTACHMENT III

NOTICE OF EXERCISE

VITAL FARMS, INC.

(2020 EQUITY INCENTIVE PLAN)

NOTICE OF EXERCISE

Vital Farms, Inc.
3601 South Congress Avenue, Suite C100
Austin, Texas 78704

Date of Exercise:

This constitutes notice to Vital Farms, Inc. (the "***Company***") that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") by exercising my Option for the price set forth below. Capitalized terms not explicitly defined in this Notice of Exercise but defined in the Grant Notice, Option Agreement or 2020 Equity Incentive Plan (the "***Plan***") shall have the meanings set forth in the Grant Notice, Option Agreement or Plan, as applicable. Use of certain payment methods is subject to Company and/or Committee consent and certain additional requirements set forth in the Option Agreement and the Plan.

Type of option (check one):	Incentive ☐	Nonstatutory ☐
Date of Grant:		
Number of Shares as to which Option is exercised:		
Certificates to be issued in name of:		
Total exercise price:	$	
Cash, check, bank draft or money order delivered herewith:	$	
Value of Shares delivered herewith:	$	
Regulation T Program (cashless exercise)	$	
Value of Shares pursuant to net exercise:	$	

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Plan, (ii) to satisfy the tax withholding obligations, if any, relating to

the exercise of this Option as set forth in the Option Agreement, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within 15 days after the date of any disposition of any of the Shares issued upon exercise of this Option that occurs within two years after the Date of Grant or within one year after such Shares are issued upon exercise of this Option.

I further agree that I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company that I hold, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided*, *however*, that nothing contained in this paragraph will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. I further agree that in order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to shares of Common Stock that I hold until the end of such period. I also agree that any transferee of any shares of Common Stock (or other securities) of the Company that I hold will be bound by this paragraph. The underwriters of the Company's stock are intended third party beneficiaries of this paragraph and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

Very truly yours,

_____

Exhibit 10.6

Employee Form

VITAL FARMS, INC.
RSU AWARD GRANT NOTICE
(2020 EQUITY INCENTIVE PLAN)

Vital Farms, Inc. (the "***Company***") has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the "***RSU Award***"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2020 Equity Incentive Plan (the "***Plan***") and the Award Agreement (the "***Agreement***"), which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Stock Units: _____

Vesting Schedule: Subject to the Participant's Continuous Service through each applicable vesting date, the RSU Award will vest as follows:

[ ].

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 6 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

VITAL FARMS, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT:

_____
Signature

Date: _____

ATTACHMENTS: RSU Award Agreement, 2020 Equity Incentive Plan

VITAL FARMS, INC.
2020 EQUITY INCENTIVE PLAN

AWARD AGREEMENT (RSU AWARD)

As reflected by your Restricted Stock Unit Grant Notice ("***Grant Notice***") Vital Farms, Inc. (the "***Company***") has granted you a RSU Award under its 2020 Equity Incentive Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Transaction on your RSU Award;

(b) Section 9(f) of the Plan regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award; and

(c) Section 8(c) of the Plan regarding the tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice as modified to reflect any Capitalization Adjustment and subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 4 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. VESTING. Your Restricted Stock Units will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, subject to the provisions contained herein and the terms of the Plan. Vesting will cease upon the termination of your Continuous Service. [Notwithstanding the foregoing, if a Change in Control occurs and during the period beginning

immediately prior to and ending twelve (12) months after the effective time of such Change in Control your Continuous Service terminates due to a termination by the Company (not including death or Disability) without Cause or due to your voluntary resignation for Good Reason, then, as of the date of termination of your Continuous Service, the vesting of your Restricted Stock Units will be accelerated in full. For the avoidance of doubt, your Restricted Stock Units are also subject to the potential vesting acceleration that may occur in connection with a Transaction as set forth in the Plan and, for clarity, to the extent your Restricted Stock Units are assumed, continued or substituted for in a Change in Control pursuant to Section 6(c) of the Plan, the vesting acceleration described in the preceding sentence shall apply to such assumed, continued or substituted award(s), as applicable.

(a) "***Good Reason***" means the occurrence of any of the following events, conditions or actions taken by the Company (or successor to the Company, if applicable) without Cause and without your written consent: (i) a material reduction of your annual base salary; *provided*, *however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual base salary that is pursuant to a salary reduction program affecting substantially all of the similarly situated employees of the Company and that does not adversely affect you to a greater extent than other similarly situated employees; (ii) a material diminution in your authority, duties or responsibilities; (iii) a relocation of your principal place of employment with the Company (or successor to the Company, if applicable) to a place that increases your one-way commute by more than fifty (50) miles as compared to your then-current principal place of employment immediately prior to such relocation (excluding regular travel in the ordinary course of business); or (iv) a material breach by the Company of any provision of the Agreement or your employment agreement with the Company; *provided*, *however*, that in each case above, in order for your resignation to be deemed to have been for Good Reason, you must first give the Board written notice of the action or omission giving rise to "Good Reason" within thirty (30) days after the first occurrence thereof; the Company must fail to reasonably cure such action or omission within thirty (30) days after receipt of such notice (the "***Cure Period***"), and your resignation from all positions you hold with the Company must be effective not later than thirty (30) days after the expiration of such Cure Period.

(b) If any payment or benefit you would receive from the Company or otherwise in connection with a Change in Control or other similar transaction (a "***280G Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then any such 280G Payment (a "***Payment***") shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***").

Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change in control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the first paragraph of this Section 3(b) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of the first paragraph of this Section 3(b) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the first paragraph of this Section 3(b), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.]

4. DIVIDENDS. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will

automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the "***Dividend Units***"), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

5. WITHHOLDING OBLIGATIONS. As further provided in Section 8 of the Plan, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with your RSU Award (the "***Withholding Obligation***") in accordance with the withholding procedures established by the Company. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award. In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 4 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

(iii) then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) To the extent the RSU Award is a Non-Exempt RSU Award, the provisions of Section 11 of the Plan shall apply.

7. LOCK-UP PERIOD. By accepting your RSU Award, you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this Section 7 will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 7. The underwriters of the Company's stock are intended third party beneficiaries of this Section 7 and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

8. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

9. TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

10. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

11. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

13. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

Exhibit 10.7

Non-Employee Director Form

VITAL FARMS, INC.
RSU AWARD GRANT NOTICE
(2020 EQUITY INCENTIVE PLAN)

Vital Farms, Inc. (the "***Company***") has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the "***RSU Award***"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2020 Equity Incentive Plan (the "***Plan***") and the Award Agreement (the "***Agreement***"), which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Stock Units: _____

Vesting Schedule: Subject to the Participant's Continuous Service through each applicable vesting date, the RSU Award will vest as follows:

[Initial Grant]
[_____].

[Annual Grant]
[_____].

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests as set forth in Section 6 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

VITAL FARMS, INC.	**PARTICIPANT:**
By: _____	_____
Signature	Signature
Title: _____	Date: _____
Date: _____	

ATTACHMENTS: RSU Award Agreement, 2020 Equity Incentive Plan

VITAL FARMS, INC.
2020 EQUITY INCENTIVE PLAN
AWARD AGREEMENT (RSU AWARD)

As reflected by your Restricted Stock Unit Grant Notice ("***Grant Notice***") Vital Farms, Inc. (the "***Company***") has granted you a RSU Award under its 2020 Equity Incentive Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Transaction on your RSU Award;

(b) Section 9(f) of the Plan regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award; and

(c) Section 8(c) of the Plan regarding the tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice as modified to reflect any Capitalization Adjustment and subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 4 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. VESTING.

(a) Your Restricted Stock Units will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, subject to the provisions contained herein and the

terms of the Plan. Vesting will cease upon the termination of your Continuous Service. Notwithstanding the foregoing, your Restricted Stock Units will accelerate vesting in full upon a Change in Control which occurs prior to, or at the time of, termination of your Continuous Service.

(b) If any payment or benefit you would receive from the Company or otherwise in connection with a Change in Control or other similar transaction (a "***280G Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then any such 280G Payment (a "***Payment***") shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***").

Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A of the Code that would not otherwise be subject to taxes pursuant to Section 409A of the Code, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A of the Code as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A of the Code shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

Unless you and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change in control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of the first paragraph of this Section 3(b) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of the first paragraph of this Section 3(b) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in the first paragraph of this Section 3(b), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

4. DIVIDENDS. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the "***Dividend Units***"), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

5. WITHHOLDING OBLIGATIONS. As further provided in Section 8 of the Plan, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with your RSU Award (the "***Withholding Obligation***") in accordance with the withholding procedures established by the Company. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award. In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. DATE OF ISSUANCE.

(a) Unless there is a Deferral Election (as described below), the issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 4 above, and subject to any different provisions in the Grant Notice); provided that, if there is a Deferral Election (as described below) such issuance of Common Stock to you shall occur on the applicable date or event specified in such Deferral Election. Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

(iii) then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, there is no Deferral Election and if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

For purposes of this Agreement, a "***Deferral Election***" means your effective and timely election, if any, to defer the shares of Common Stock issuable to you upon vesting of the Restricted Stock Units under this Agreement, provided such election is permitted by the Company, made by you in writing on a form provided by the Company and submitted to the Company on a timely basis in compliance with the requirements of Section 409A and the procedures and deadlines established by the Company. If there is a Deferral Election in place, the issuance of shares in respect of your Restricted Stock Units is intended to comply with the requirements of Section 409A (including any automatic issuance delay required if you are a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code) so that the delivery of the shares to you will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

(c) To the extent the RSU Award is a Non-Exempt RSU Award, the provisions of Section 11 of the Plan shall apply.

7. LOCK-UP PERIOD. By accepting your RSU Award, you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided*, *however*, that nothing contained in this Section 7 will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 7. The underwriters of the Company's stock are intended third party beneficiaries of this Section 7 and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

8. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

9. TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

10. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

11. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

13. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

VITAL FARMS, INC.

2020 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: [ ], 2020
APPROVED BY THE STOCKHOLDERS: [ ], 2020

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain designated Related Corporations may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan.

(b) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time which Related Corporations of the Company will be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan.

(viii) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references to the Board in this Plan and in any applicable Offering Document will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Common Stock that may be issued under the Plan will not exceed [ ][1] shares of Common Stock, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the IPO Date and ending on (and including) January 1, 2030, in an amount equal to the lesser of (i) 1% of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, and (ii) [ ][2] shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

1 Number of shares to equal 2% of total fully-diluted shares of common stock expected to be outstanding after IPO

2 Number of shares to equal 2% of total fully-diluted shares of common stock expected to be outstanding after IPO

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company: (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation. Except as provided in Section 5(b), an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. In addition, the Board may provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company or the Related Corporation is more than 20 hours per week and more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "Offering Date" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds $25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Related Corporation, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 15% of such Employee's earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

(i) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or

(ii) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company, within the time specified in the Offering, an enrollment form provided by the Company. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where applicable law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first practicable payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through the payment by cash or check prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Unless otherwise required by applicable law, Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by law) or (ii) is otherwise no longer eligible to participate. The Company will distribute to such individual as soon as practicable all of his or her accumulated but unused Contributions.

(d) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(e) Unless otherwise specified in the Offering or required by applicable law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock, up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock and such remaining amount is less than the amount required to purchase one share of Common Stock on the final Purchase Date of an Offering, then such remaining amount will be held in such Participant's account for the purchase of shares of Common Stock under the next Offering under the Plan, unless such Participant withdraws from

or is not eligible to participate in such next Offering, in which case such amount will be distributed to such Participant after the final Purchase Date without interest (unless the payment of interest is otherwise required by applicable law). If the amount of Contributions remaining in a Participant's account after the purchase of shares of Common Stock is at least equal to the amount required to purchase one (1) whole share of Common Stock on the final Purchase Date of an Offering, then such remaining amount will be distributed in full to such Participant after the final Purchase Date of such Offering without interest.

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable federal, state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 6 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not registered and the Plan is not in material compliance with all applicable laws, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest.

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each U.S. federal or state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder unless the Company determines, in its sole discretion, that doing so would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions without interest (unless the payment of interest is otherwise required by applicable law) to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock within ten business days prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by applicable law or listing requirements.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to comply with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code.

Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code; and (v) establish other limitations or procedures as the Board

determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

14. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation, or on the part of the Company or a Related Corporation to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflict of laws rules.

15. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***Board***" means the Board of Directors of the Company.

(b) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(c) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(d) "***Committee***" means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(e) "***Common Stock***" means, as of the IPO Date, the common stock of the Company.

(f) "***Company***" means Vital Farms, Inc., a Delaware corporation.

(g) "***Contributions***" means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(h) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(i) "***Director***" means a member of the Board.

(j) "***Eligible Employee***" means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(k) "***Employee***" means any person, including an Officer or Director, who is "employed" for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(l) "***Employee Stock Purchase Plan***" means a plan that grants Purchase Rights intended to be options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

(m) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(n) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the **closing sales price** for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) **on the date of determination**, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with applicable laws and in a manner that complies with Sections 409A of the Code.

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company's initial public offering as specified in the final prospectus for that initial public offering.

(o) "***IPO Date***" means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(p) "***Offering***" means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the "***Offering Document***" approved by the Board for that Offering.

(q) "***Offering Date***" means a date selected by the Board for an Offering to commence.

(r) "***Officer***" means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(s) "***Participant***" means an Eligible Employee who holds an outstanding Purchase Right.

(t) "***Plan***" means this Vital Farms, Inc. 2020 Employee Stock Purchase Plan, as amended from time to time.

(u) "***Purchase Date***" means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(v) "***Purchase Period***" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(w) "***Purchase Right***" means an option to purchase shares of Common Stock granted pursuant to the Plan.

(x) "***Related Corporation***" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(y) "***Securities Act***" means the Securities Act of 1933, as amended.

(z) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%). For purposes of the foregoing clause (i), the Company will be deemed to "Own" or have "Owned" such securities if the Company, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(aa) "***Trading Day***" means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

VITAL FARMS, INC.

INDEMNIFICATION AGREEMENT

This **INDEMNIFICATION AGREEMENT** (this "***Agreement***") is dated as of _____, 20__ and is between Vital Farms, Inc., a Delaware public benefit corporation (the "***Company***"), and _____ ("***Indemnitee***").

RECITALS

A. Indemnitee's service to the Company substantially benefits the Company.

B. Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.

D. In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.

E. This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

AGREEMENT

The parties agree as follows:

1. Definitions.

(a) "***Beneficial Owner***" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; provided, however, that "Beneficial Owner" shall exclude any Person otherwise becoming a Beneficial Owner solely by reason of (i) the stockholders of the Company approving a merger of the Company with another Person, or entering into tender or support agreements relating thereto, provided such merger was approved by the Company's board of directors, or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

(b) A "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Company's board of directors and any Approved Directors cease for any reason to constitute at least a majority of the members of the Company's board of directors. "***Approved Directors***" means new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(i), 1(b)(iii) or 1(b)(iv)) whose election or nomination by the board of directors (or, if applicable, by the Company's stockholders) was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such two-year period or whose election or nomination for election was previously so approved;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect a majority of the board of directors or other governing body of such surviving entity; or

(iv) *Liquidation.* The approval by the Company's board of directors of a complete liquidation or the dissolution of the Company or an agreement for the sale, lease or disposition by the Company of all or substantially all of the Company's assets; or

(v) *Other Events.* Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement, *except* the completion of the Company's initial public offering shall not be considered a Change in Control.

(c) "***Corporate Status***" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(d) "***DGCL***" means the General Corporation Law of the State of Delaware.

(e) "***Disinterested Director***" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(f) "***Enterprise***" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(g) "***Expenses***" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond or other appeal bond or their equivalent, and (ii) for purposes of Section 10(d),

Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) "***Independent Counsel***" means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company, any Enterprise or Indemnitee in any matter material to any such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(i) "***Person***" shall have the meaning set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided*, *however*, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(j) "***Proceeding***" means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee's part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(k) "***to the fullest extent permitted by applicable law***" means to the fullest extent permitted by all applicable laws, including without limitation: (i) the fullest extent permitted by DGCL as of the date of this Agreement and (ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(l) In connection with any Proceeding relating to an employee benefit plan: references to "*fines*" shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to "***serving at the request of the Company***" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the Company***" as referred to in this Agreement.

2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or witness or other participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a witness or other participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, in circumstances where indemnification is not available under Section 2 or 3, as the case may be, to the fullest extent permitted by law and to the extent that Indemnitee is a party to, and is successful (on the merits or otherwise) in defense of, any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For purposes of this Section 4, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 10(d) or (iv) otherwise required by applicable law; provided, for the avoidance of doubt, Indemnitee shall not be deemed for purposes of this paragraph, to have initiated any Proceeding (or any part of a Proceeding) by reason of (i) having asserted any affirmative defenses in connection with a claim not initiated by Indemnitee or (ii) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by Indemnitee; or

(e) if prohibited by the DGCL or other applicable law.

6. Advances of Expenses. The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 30 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, *except*, with respect to advances of expenses made pursuant to Section 10(c), in which case Indemnitee makes the undertaking provided in Section 10(c). This Section 6 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 5(b) or 5(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

7. Procedures for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any liability that it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all commercially reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval

of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations, or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) effected without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in a settlement to which the Company has given its prior written consent, such settlement shall be treated as a success on the merits in the settled action, suit or proceeding.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee not paid by the Company without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

8. Procedures upon Application for Indemnification.

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 8(a), a determination with respect to Indemnitee's entitlement thereto shall be made as follows, provided that a Change in Control shall not have occurred: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (iii) if there are no such Disinterested Directors or, if a majority of Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee; or (iv) if so directed by the Company's board of directors, by the stockholders of the Company. If a Change in Control shall have occurred, a determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including

providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b), the Independent Counsel shall be selected as provided in this Section 8(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection that shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 8(b). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 10(a), the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company shall pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

9. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption by clear and convincing evidence.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith to the extent Indemnitee relied in good faith on (i) the records or books of account of the Enterprise, including financial statements, (ii) information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or its board of directors or counsel selected by any committee of the board of directors or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant, an appraiser, investment banker or other expert selected with reasonable care by the Enterprise or its board of directors or any committee of the board of directors. The provisions of this Section 9(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

10. Remedies of Indemnitee.

(a) Subject to Section 10(e), in the event that (i) a determination is made pursuant to Section 9 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 or 10(d), (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 8 within 30 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within 10 days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 10(d), within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 12 months following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 10(a); *provided, however,* that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 4. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

(b) Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 8 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant

to this Section 10 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 10, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be by clear and convincing evidence.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement, any other agreement, the Company's certificate of incorporation or bylaws or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 30 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 6. Indemnitee hereby undertakes to repay such advances to the extent the Indemnitee is ultimately unsuccessful in such action or arbitration.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

11. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

12. Non-exclusivity. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

13. Primary Responsibility. The Company acknowledges that to the extent Indemnitee is serving as a director on the Company's board of directors at the request or direction of a private equity or venture capital fund or other entity and/or certain of its affiliates (collectively, the "***Secondary Indemnitors***"), Indemnitee may have certain rights to indemnification and advancement of expenses provided by such Secondary Indemnitors. The Company agrees that, as between the Company and the Secondary Indemnitors, the Company is primarily responsible for amounts required to be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitors to provide indemnification or advancement for the same amounts is secondary to those Company obligations. To the extent not in contravention of any insurance policy or policies providing liability or other insurance for the Company or any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the Company waives any right of contribution or subrogation against the Secondary Indemnitors with respect to the liabilities for which the Company is primarily responsible under this Section 13. In the event of any payment by the Secondary Indemnitors of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the amounts paid. The Secondary Indemnitors are express third-party beneficiaries of the terms of this Section 13.

14. No Duplication of Payments. Subject to Section 13, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

15. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies to the same extent as the most favorably-insured persons under such policy or policies in a comparable position.

16. Subrogation. Subject to Section 13, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

17. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without

cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

18. Duration. This Agreement shall continue until and terminate upon the later of (a) five years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 10 relating thereto.

19. Successors. This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. Further, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

20. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

21. Enforcement. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

22. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*, *however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

23. Modification and Waiver. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

24. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to 3601 S Congress Ave Suite C100, Austin, TX 78704, Attention: Chief Executive Officer or at such other current address as the Company shall have furnished to Indemnitee.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via facsimile, upon confirmation of facsimile transfer or, if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

25. Applicable Law and Consent to Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 10(a), the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Service Company, Wilmington, Delaware 19808 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

26. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

27. Captions. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(signature page follows)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

VITAL FARMS, INC.

By: _____
Name: Russell Diez-Canseco
Title: Chief Executive Officer

_____
[INDEMNITEE NAME]

Address: _____
_____

Exhibit 10.10

VITAL FARMS, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the "***Board***") of Vital Farms, Inc. (the "***Company***") who is not also serving as an employee of the Company or any of its subsidiaries (each such member, a "***Non-Employee Director***") will be eligible to receive the compensation described in this Non-Employee Director Compensation Policy (this "***Policy***") for his or her Board service. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given to such terms in the Company's 2020 Equity Incentive Plan or any successor equity incentive plan (the "***Plan***").

This Policy will be effective upon the execution of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Company's common stock (the "***Common Stock***"), pursuant to which the Common Stock is priced for the initial public offering (the initial public offering price being referred to as the "***IPO Price***," and the date of such execution being referred to as the "***IPO Date***"). This Policy may be amended at any time in the sole discretion of the Board or the Compensation Committee of the Board.

1. Annual Cash Compensation

Each Non-Employee Director will be entitled to receive the following annual cash retainers for service on the Board:

Annual Board Service Retainer:

- All Non-Employee Directors: $40,000
- Lead Independent Director: $20,000 (in addition to the Annual Board Service Retainer)

Annual Committee Member Service Retainer:

- Member of the Audit Committee: $10,000
- Member of the Compensation Committee: $7,500
- Member of the Nominating and Corporate Governance Committee: $5,000

Annual Committee Chair Service Retainer (in lieu of Committee Member Service Retainer):

- Chairperson of the Audit Committee: $20,000
- Chairperson of the Compensation Committee: $15,000
- Chairperson of the Nominating and Corporate Governance Committee: $10,000

The annual cash retainers above will be payable in equal quarterly installments in arrears on the last day of each fiscal quarter (each such date, a "***Retainer Accrual Date***") in which the service occurred, prorated for any partial quarter of service (based on the number of days served in the applicable position divided by the total number of days in the quarter). All annual cash retainers will be vested upon payment.

2. Equity Compensation

Each Non-Employee Director will be entitled to receive the equity compensation set forth below (as applicable). All such equity compensation will be granted under the Plan.

(a) Elections to Receive an Equity Grant in Lieu of Quarterly Cash Retainer.

(i) Retainer Grant. Each Non-Employee Director may elect to convert all of his or her cash compensation under Section 1 for the first calendar quarter that commences after the IPO Date and any subsequent calendar quarter into an RSU Award (each, a "***Retainer Grant***") in accordance with this Section 2(a) (such election, a "***Retainer Grant Election***"). If a Non-Employee Director timely makes a Retainer Grant Election pursuant to Section 2(a)(ii), on the first business day following the applicable Retainer Accrual Date to which the Retainer Grant Election applies, and without any further action by the Board or Compensation Committee, such Non-Employee Director automatically will be granted an RSU Award covering a number of shares of Common Stock equal to (A) the aggregate amount of cash compensation otherwise payable to such Non-Employee Director under Section 1 on the Retainer Accrual Date to which the Retainer Grant Election applies divided by (B) the closing sales price per share of the Common Stock on the applicable Retainer Accrual Date (or, if such date is not a business day, on the first business day thereafter), rounded down to the nearest whole share. Each Retainer Grant will be fully vested on the applicable grant date.

(ii) Election Mechanics. Each Retainer Grant Election must be submitted to the Company's Chief Financial Officer (or such other individual as the Company designates) in writing at least 10 business days in advance of the applicable Retainer Accrual Date, and subject to any other conditions specified by the Board or Compensation Committee of the Board. A Non-Employee Director may only make a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Non-Employee Director is not aware of any material non-public information. Once a Retainer Grant Election is properly submitted, it will be in effect for the next Retainer Accrual Date and will remain in effect for successive Retainer Accrual Dates unless and until the Non-Employee Director revokes it in accordance with Section 2(a)(iii) below. A Non-Employee Director who fails to make a timely Retainer Grant Election will not receive a Retainer Grant and instead will receive the cash compensation under Section 1.

(iii) Revocation Mechanics. The revocation of any Retainer Grant Election must be submitted to the Company's Chief Financial Officer (or such other individual as the Company designates) in writing at least 10 business days in advance of the applicable Retainer Accrual Date, and subject to any other conditions specified by the Board or Compensation Committee. A Non-Employee Director may only revoke a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Non-Employee Director is not aware of any material non-public information. Once the revocation of the Retainer Grant Election is properly submitted, it will be in effect for the next Retainer Accrual Date and will remain in effect for successive Retainer Accrual Dates unless and until the Non-Employee Director makes a new Retainer Grant Election in accordance with Section 2(a)(ii).

(b) Automatic Equity Grants.

(i) Initial Grant for New Directors. Without further action by the Board or Compensation Committee of the Board, each person who after the IPO Date is elected or appointed for the first time to be a Non-Employee Director, will automatically, on the date of his or her initial election or appointment to be a Non-Employee Director (or, if such date is not a business day, the first business day thereafter), be granted an RSU Award covering a number of shares of Common Stock equal to (A) $120,000 divided by (B) the closing sales price per share of the Common Stock on the applicable grant date rounded down to the nearest whole share (each, an "***Initial Grant***"). Each Initial Grant will vest in a series of three equal annual installments on each of the first, second and third year anniversaries of the applicable grant date, subject to the Non-Employee Director's Continuous Service on each vesting date. Additionally and without further action by the Board or Compensation Committee of the Board, each person who is a Non-Employee Director as of the IPO Date will automatically, on the IPO Date, be granted an RSU Award covering a number of shares of Common Stock equal to (A) $120,000 divided by (B) the IPO Price (each, an "***IPO Initial Grant***"). Each IPO Initial Grant will vest in three equal installments on the day before each of the first, second and third Annual Meeting of the Company stockholders that occurs following the IPO Date, subject to the Non-Employee Director's Continuous Service on each vesting date.

(ii) Annual Grant. Without any further action by the Board or Compensation Committee, at the close of business on the date of each Annual Meeting of the Company's stockholders, each person who is then a continuing Non-Employee Director will automatically be granted a RSU Award (each, an "***Annual Grant***") covering a number of shares of Common Stock equal to (A) $80,000 divided by (B) the closing sales price per share of the Common Stock on the date of the applicable Annual Meeting (or, if such date is not a business day, the first business day thereafter). Each Annual Grant will vest on the earlier of (1) the first anniversary of the applicable grant date and (2) the day before the next Annual Meeting following the applicable grant date, subject to the Non-Employee Director's Continuous Service through the vesting date.

(iii) Change in Control. Notwithstanding the foregoing, for each Non-Employee Director who remains in Continuous Service as of, or immediately prior to, a Change in Control, the shares subject to his or her then-outstanding equity awards that were granted pursuant to this Policy will become fully vested immediately prior to such Change in Control.

(iv) Remaining Terms. The remaining terms and conditions of each RSU Award granted pursuant to this Policy will be as set forth in the Plan and the Company's applicable award grant notice and award agreement, in the form adopted from time to time by the Board or Compensation Committee of the Board.

3. Non-Employee Director Compensation Limit

Notwithstanding anything herein to the contrary, the cash compensation and equity compensation that each Non-Employee Director is entitled to receive under this Policy shall be subject to the limits set forth in Section 3(d) of the Plan.

4. Ability to Decline or Defer Compensation

A Non-Employee Director may decline all or any portion of his or her compensation under this Policy by giving notice to the Company prior to the date such cash is earned or such equity awards are to be granted, as the case may be. A Non-Employee Director may elect to defer receipt of payment of his or her cash compensation and/or settlement of any RSU Award granted pursuant to the Policy in accordance with a deferral election program administered by the Company in compliance with the provisions of Section 409A.

5. Expenses

The Company will reimburse each Non-Employee Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings; provided, that the Non-Employee Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "*Agreement*"), is entered into effective as of the 9th day of July, 2020 (the "*Effective Date*"), by and between Vital Farms, Inc., a Delaware corporation (the "*Company*"), and Russell Diez-Canseco, an individual residing in Austin, Texas ("*Employee*"). This Agreement amends, restates and supersedes prospectively in its entirety the Employment Agreement between the Company and Employee dated October 15, 2018 (the "*Prior Agreement*").

RECITALS

WHEREAS, the Company and Employee executed the Prior Agreement pursuant to which Employee continued employment with the Company;

WHEREAS, the Company and Employee desire to enter into an amended and restated employment agreement to reflect the current understanding between the Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the accuracy of which is hereby acknowledged, and in further consideration of the mutual promises and covenants herein set forth, the Parties hereby agree as follows:

1. Employment. The Company desires to continue the at-will employment of Employee in the capacity of full-time President and Chief Executive Officer pursuant to the terms and conditions of this Agreement and, in connection therewith, to compensate Employee for Employee's personal services to the Company. Employee, in turn, desires to continue to be employed by the Company on an at-will basis and provide personal services to the Company in return for certain compensation, upon the terms and subject to the conditions contained in this Agreement.

2. Duties and Authority. During the term of this Agreement, Employee will continue to serve as the President and Chief Executive Officer ("*CEO*") of the Company. Employee will perform such services as are customary for employees having such title in a corporation similar in size and complexity of the Company, and such services as Employee has performed for the Company in the past (the "*Services*"). To the extent not addressed or described in this Agreement, the duties and conditions of the employment of Employee shall be governed by the Vital Farms Crewmember Handbook and existing practices. In the event of a conflict between this Agreement and the Vital Farms Crewmember Handbook and existing practices, the terms of this Agreement shall govern. Employee will continue to perform the Services faithfully and to the best ability of Employee and use the best efforts of Employee to carry out the duties and responsibilities to the Company as contemplated herein. In performing the duties of Employee under this Agreement, Employee will fully support, assist, and cooperate with efforts of the Company to expand its business and operate profitably and in conformity with business and strategic plans approved from time to time by the Company.

The position of Employee and the associated duties of Employee may be changed by the Company; provided, however, that any such change shall be consistent with the training, experience and qualifications of Employee.

3. Term of Employment. The continued employment of Employee with the Company under this Agreement shall begin on the Effective Date and shall continue until such employment is terminated by either party in accordance with the terms of Section 9 of this Agreement.

4. Direction from Supervising Officer. Employee will report to the Company's Board of Directors (the "*Board*" or the "*Supervising Authority*") for direction and guidance as to the performance of the duties of Employee under this Agreement. To facilitate communication between Employee and the Supervising Authority, Employee will report on the status of the activities of Employee and the performance of the duties of Employee to the Board at such times as Employee may be reasonably requested to do so.

5. Authority. The Company will vest in Employee such authority that may reasonably be necessary in the performance of the duties of Employee, or as may be consistent, customary or commensurate with the position; provided, however, that Employee will not have any authority to execute contracts or enter into agreements on behalf of the Company unless such authority is specifically delegated to Employee by the Board.

6. Time and Attention to Services. Employee will continue to devote substantially all of the professional time and attention of Employee to the performance of the duties of Employee to the Company during the term of this Agreement.

7. Place of Performance. Except as otherwise reasonably determined by the Board from time to time, throughout the term of this Agreement, the time of Employee performing the duties of Employee under this Agreement will be spent at the Company's headquarters office in Austin, Texas and/or traveling on behalf of the Company. The Company will not require Employee to relocate to any area more than 50 miles from the current location of the Company, unless the Company moves its home office to such location.

8. Compensation and Benefits.

(a) Base Salary. Employee shall be paid a base salary of $350,000 ("*Base Salary*"), subject to applicable federal, state, and local withholding, and such other withholding agreed to by the Parties or otherwise required by law, or as may be periodically increased from time to time by the Company in its sole discretion. The Base Salary shall be paid to Employee in the same manner and on the same payroll schedule in which all Company executive employees receive payment. Any increases in the Base Salary of Employee shall be in the sole discretion of the Board, and nothing herein shall be deemed to require any such increase.

(b) Expenses and Reimbursements. The Company will continue to pay all reasonable and properly documented expenses incurred by Employee in furtherance of the business of the Company in accordance with applicable Company policies and procedures. Employee will continue to adhere to the published practices and procedures of the Company with respect to incurring out-of-pocket expenses and will present such expense statements, receipts, vouchers or other evidence supporting expenses incurred by Employee as the Company may from time to time request.

(c) Bonus Opportunities. During the Term of this Agreement, the Company may pay to Employee an annual bonus payment, as may be determined by the Board of Directors of the Company (the "*Board*") in its sole discretion, based upon the performance of Employee and other criteria as may be established by the Board from time to time.

(d) Other Incentive and Deferred Compensation. Employee shall continue to be eligible to participate in all other incentive and deferred compensation programs available to other executives or officers of the Company, such participation to be in the same form, under the same terms, and to the same extent that such programs are made available to other such executives or officers. Nothing in this Agreement shall be deemed to require the payment of bonuses, awards or incentive compensation to Employee if such payment would not otherwise be required under the terms of the incentive compensation programs of the Company.

(e) Employee Benefits. Employee shall continue to be eligible to participate in all employee benefit plans, policies, programs or perquisites in which other Company executive or officers participate, including the Company Stock Option program. The terms and conditions of the participation of Employee in the employee benefit plans, policies, programs or perquisites of the Company shall be governed by the terms of each such plan, policy or program.

(f) Vacation. Employee will be eligible for vacation each calendar year to be administered in accordance with the written vacation policy of the Company.

(g) Duties and Performance. Employee acknowledges and agrees that the continued employment of Employee by the Company is made with the understanding that Employee possesses a unique set of skills, abilities and experiences that will benefit the Company, and agrees that continued employment with the Company, whether during the term of this Agreement or thereafter, is contingent upon the successful performance of the duties of Employee in the position as noted above, or in such other position to which Employee may be assigned.

9. Termination.

(a) Definitions.

(i) Cause. For purposes of this Agreement, "*Cause*" means a good faith finding by the Board that:

(A) Employee failed to substantially perform the duties and obligations of Employee to the Company (other than a failure resulting from the death or incapacity of Employee because of a Disability), including but not limited to one or more acts of gross negligence or insubordination or a material breach of the written employment, ethics and compliance policies and procedures of the Company; provided, however, that in all cases Employee must be (x) provided written notice of the assumed basis for such Cause by the Board; and (y) given at least ten (10) business days to cure if such alleged reason for Cause is reasonably capable of being cured;

(B) Employee has committed a crime involving fraud, dishonesty, theft or breach of trust;

(C) Employee has been conviction of a felony involving moral turpitude;

(D) Employee intentionally and willfully engaged in misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise;

(E) Employee materially breached this Agreement, including but not limited to the Confidentiality, Non-Competition and Non-Solicitation provisions of Sections 11, 12 or 13 below, or any other agreement with the Company regarding assignment of intellectual property rights;

(F) Employee willfully violated state or federal laws or regulations in connection with employment by the Company to the material detriment of the Company; or

(G) Employee willfully failed to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials relevant to such investigation.

(ii) Disability. For purposes of this Agreement, "*Disability*" means a physical or mental illness, impairment or infirmity (other than an absence from work on an approved maternity or paternity leave) that renders Employee unable to perform the essential functions of Employee, including the duties of Employee under this Agreement, with reasonable accommodation, as determined by a physician selected by the Company and acceptable to Employee or the legal representative of Employee, for at least ninety (90) days during any 365-consecutive-day period.

(iii) Good Reason Event. For purposes of this Agreement, a "*Good Reason Event*" means

(A) A material reduction in salary of Employee;

(B) any material diminution in the authority or responsibilities of Employee with respect to the Company's business;

(C) an office relocation farther than 50 miles from the current address of the Company; or

(D) a material breach by the Company of this Agreement;

provided, however, that Good Reason Event shall not be deemed to exist hereunder unless (i) Employee determines in good faith that a Good Reason Event has occurred; (ii) Employee notifies the Company in writing of the occurrence of the Good Reason Event within 60 days of such occurrence; (iii) Employee cooperates in good faith with the Company's efforts for a period not less than 30 days following such notice to remedy the condition; (iv) notwithstanding such efforts, the Good Reason Event continues to exist; and (v) Employee terminates employment with the Company within 90 days after the end of such 30-day cure period.

(iv) Termination of Employment. The at-will employment of Employee with the Company may be terminated, prior to the expiration of the term of this Agreement, in accordance with any of the following provisions:

(A) Termination by Employee. Employee may terminate employment with the Company under this Agreement at any time during the course of this Agreement by giving written notice to the Supervising Authority at least two (2) weeks prior to the effective date of termination as set forth in the Employee Notice.

(B) Termination by the Company. The Company may, at any time and without notice, terminate the employment of Employee for Cause. Further, the Company may terminate the employment of Employee by the Company at any time during the course of this Agreement by giving at least two (2) weeks' notice in writing to Employee. Notwithstanding the preceding sentence, the Company may terminate the employment of Employee at any time and, except as provided in section 10(c), pay Employee for the two week period in addition to any other amounts payable hereunder.

(C) Termination by Death or Disability. The employment of Employee by the Company under this Agreement shall terminate if Employee is unable to perform the duties of Employee due to death of Employee or disability of Employee lasting more than 90 days.

10. Severance.

(a) Termination without Good Reason or for Cause. Upon termination of employment by Employee without Good Reason or by the Company for Cause, then the Company shall pay Employee all amounts earned or accrued, but not paid, through the end of the effective date of termination of employment of Employee (the "*Termination Date*"), including (i) Base Salary; (ii) unreimbursed expenses incurred by Employee on behalf of the Company; and (iii) accrued and unused vacation pay in accordance with the normal policies and practices of the Company (collectively, "*Accrued Compensation*").

(b) Termination with Good Reason or without Cause or Upon Death or Disability. Upon termination of employment by Employee with Good Reason or by the Company without Cause or upon the death or Disability of Employee, then the Company shall pay or grant Employee (or the successors to Employee):

(i) Accrued Compensation;

(ii) An cash amount equal to 150% (one hundred fifty percent) of annual Base Salary at the level existing on the Termination Date, payable in full as a lump sum, subject to applicable deductions and withholdings, within 30 days of the date the Release becomes effective, but in no event later than March 15 of the year following the year in which the Employee's Separation from Service occurs. "*Separation from Service*" has the meaning set forth in Treasury Regulations Section 1.409A-1(h), without regard to any alternative definition thereunder;

(iii) Payment of premiums for Employee's continued health benefits through COBRA or equivalent state continuation coverage at the level existing on the Termination Date, subject to all terms and conditions of such coverage, for up to one year following the Termination Date; and

(iv) The Company will permit Employee to use shares of Company common stock held by Employee ("*Employee Shares*") to pay the exercise price of all vested options owned by the Employee on the Termination Date. The Company may require that the Employee Shares be held for the requisite period necessary to avoid a charge to the Company's earning for financial reporting purposes. The value of Employee Shares for purposes of calculating the amount necessary to pay the exercise price for vested options shall be (A) if the Company's common stock is publicly traded at such time, the market trading price of Company common stock as quoted on the applicable stock exchange or market on which the common stock is listed or (B) if prior to the time the Company's common stock is publicly traded, the fair market value of the Company's common stock at the time of exercise, as determined in good faith by the Company's Board of Directors (or compensation committee thereof) by reference to a recent 409A valuation of the Company's common stock by an independent third party valuation firm.

Amounts under this Section 10(b) shall be payable in accordance with the normal policies and practices of the Company, except as otherwise provided above or in Section 10(c) below or Section 15.

(c) Release Documents. The payment of any amounts or benefits on termination in excess of the amounts listed in Section 10(a) that are required to be paid by law (the "*Extra Consideration*") shall be conditioned upon Employee's execution without subsequent revocation of a reasonable release of all employment related claims in favor of the Company and its affiliates in such reasonable form provided by the Company (the "*Release*"). Unless otherwise required by law, the consideration and revocation period for the Release shall extend for a period of no greater than thirty (30) days, with payments of Extra Consideration to begin in accordance with the applicable provisions of Section 10(b) following the expiration of the revocation period.

11. Confidentiality and Non-Disclosure.

(a) Confidential Information. For purposes of this Agreement, "*Confidential Information*" or "*Information*" means any and all tangible and intangible information, whether previously disclosed or to be disclosed to Employee, whether oral, written, graphic, machine-readable or in any other medium, whether existing in the past, currently existing or created in the future, whether or not created by Employee, relating to the management, operations, marketing, research, finances and other business

areas of the Company, including without limitation the terms of this Agreement and information relating to: patents, copyrights, trademarks, trade secrets and all other forms of intellectual property and applications therefor; product or business plans; marketing plans; financial information and plans; proposed mergers, acquisitions, or other corporate strategies; discoveries and inventions; products; pricing; training; processes; patterns; designs; drawings; experiments; statistics; improvements; the identity of and information regarding any customer, supplier, vendor, contractor, owner, or affiliate; policies, guidelines, procedures, practices, disputes, or litigation; engineering; formulae; agreements with third parties; legal matters; the identity of former, current or potential clients, customers, vendors, or suppliers including information about interested parties who might be converted to clients, customers, vendors, or suppliers of the Company; analyses and evaluation of client or customer needs, preferences and requirements; data providers, suppliers and vendors; samples; mailing or information lists or other data compilations of any kind or nature; proprietary data; data models; data integration; capabilities; know-how; works-in-progress; manuals; specifications; product strategies; purchase and sale or other business records; marketing information of any kind; salaries, benefits, or any other compensation; information about the employees, officers and the Board of the Company, and the confidential and proprietary information of the subsidiaries, parent companies, affiliates, partners, joint venturers, suppliers, vendors, customers, clients, partners of the Company and the like, including any notes relating thereto, regardless of whether such information was developed by the Company or was furnished by third parties, and regardless of whether such information was disclosed to or by the Company in writing or orally. Confidential Information shall also include without limitation those portions of any reports, notes, analyses, computations, studies, summaries, interpretations, projections, forecasts, memoranda, and other materials, in whatever form maintained, whether documentary, computerized, or otherwise, whether prepared by Employee, that contain, are based on, or otherwise reflect, to any degree, any of the foregoing.

Confidential Information does not include any information which, as demonstrated by Employee: (i) Employee knew of through independent proper means before the Company disclosed it to Employee; (ii) has become publicly known through no wrongful act of Employee; (iii) Employee can prove was developed independently by Employee without the use of the Confidential information, (iv) is lawfully obtained from any third party who to knowledge of Employee has the right to make such disclosure; (v) is disclosed to enforce the terms of this Agreement; (vi) is released for publication by the Company; or (vii) is required to be disclosed by Employee solely in order to comply with valid and applicable laws, governmental regulations or legal orders, provided, that prior to any such disclosure Employee shall promptly furnish written notice of such disclosure requirement to the Company so that the Company may seek a protective order or any other remedies available, and Employee shall cooperate and assist the Company (at the expense of the Company) in preventing such disclosure of any Confidential Information, provided, further, if Employee remains legally compelled to make such disclosure, Employee shall only disclose that portion of the Confidential Information that Employee is legally required to disclose.

(b) Nondisclosure of Confidential Information. Employee promises and agrees to hold such Confidential Information in trust and for the benefit of the Company and not use or disclose any such Information for the own use by Employee or for any purpose other than to fulfill the specific duties of the employment of Employee by the Company. The promise of Employee not to use or disclose Information applies to all such Confidential Information received or otherwise obtained by Employee before and during the duration of this Agreement. Employee understands that this prohibition on use or disclosure prevents discussing Confidential Information by Employee, or sharing it in any other manner with any persons or entities, except to the extent Employee reasonably and in good faith believes such disclosure is necessary or appropriate to fulfill the specific duties of the employment of Employee by the Company. Employee agrees to take reasonable measures to protect the secrecy of the Confidential Information and to protect it from entering the public domain or the possession of it by unauthorized persons or entities. Employee further agrees to immediately notify the Company of any actual or suspected misuse, misappropriation or unauthorized disclosure of Confidential Information which may, by using reasonable care and diligence, come to the attention of Employee. The foregoing use and disclosure restrictions, and the commitments of Employee and obligations relevant to them, shall survive termination of this Agreement and shall continue to bind Employee in perpetuity from the date on which this Agreement is terminated. Notwithstanding the preceding, disclosure of the terms of this Agreement to Employee's immediate family, legal counsel and other professional advisors who agree to maintain the confidentiality of such information or disclosure as required by applicable law shall not violate the terms of this Section 11.

(c) Return of Confidential Information. Employee shall not retain any of the Confidential Information. Immediately following the termination of Employee's employment with the Company for any reason, Employee shall return to the Company all Confidential Information, including without limitation any notes, drawings, documents, discs and other tangible, intangible and electronic manifestations of the Confidential Information, and any copies and/or reproductions thereof, whether printed, electronic, original or copies, that Employee has in his possession or control, and shall remove all such Confidential Information from the records of Employee. For avoidance of doubt, the address book contact information of Employee shall not be treated as Confidential Information.

(d) Absence of Prior Restrictions; Use of Others' Confidential Information.

(i) Representation of No Prior Restrictions. Employee represents and warrants that to the best knowledge of Employee there is no reason that Employee cannot legally enter into this Agreement and perform the Services contemplated by this Agreement. Specifically, Employee represents and warrants that Employee is not a party to, or has disclosed to the Company, any agreement with a former employer or other party containing any post-employment restrictions, non-competition provisions or any other restrictive covenants with respect to (i) the rendition of any Services that Employee is expected to perform or conduct; (ii) the disclosure or use of any information that, directly or indirectly, relates to the business of the Company or the Services to be rendered by Employee; or (iii) any other obligation that would impact or restrict the employment of Employee by the Company or the performance of the duties of Employee under this Agreement. Employee further represents and warrants that Employee is not in violation of any such agreement described in this Section.

(ii) Use of Other's Confidential Information. The Company prohibits Employee from engaging in any unfair competition or otherwise misusing confidential information of any prior employer or other entity. Accordingly, Employee represents and warrants that Employee (i) will hold and safeguard the confidential information and trade secrets of any prior employer or other entity and will not misappropriate, use, disclose or make available to anyone at the Company any such information; (ii) will comply with any lawful non-solicitation agreement applicable to any former employer of Employee or other entity; and (iii) has not wrongfully retained or removed any files, books, correspondence, reports, proposals, records or other documents concerning the business of a former employer or other entity, whether prepared by Employee or not.

(e) Trade Secrets. Employee agrees not to use or disclose any trade secrets of the Company at any time except as Employee reasonably and in good faith believes is necessary or appropriate to perform the employment duties of Employee for the Company. A trade secret generally consists of valuable, secret information or ideas that the Company collects or uses in order to keep its competitive edge (including confidential information supplied to the Company by its customers, clients, suppliers, vendors or agents). Examples of trade secrets include, but are not limited, to such technical information as manufacturing or operating processes, equipment design, product specifications, and other proprietary technology, and such business information as selling and pricing information and procedures, client lists, business and marketing plans and internal financial statements. A trade secret does not include any information or ideas: (i) that has become publicly known through no wrongful act of Employee; or (ii) is voluntarily disclosed to the public by the Company.

(f) Ownership of Work Product and Intellectual Property. Employee acknowledges and agrees that all Work Product (defined below) which Employee makes, conceives, reduces to practice or develops (in whole or in part, either alone or jointly with others) within the scope of Employee's employment shall be the sole and exclusive property of the Company. The Company shall be the sole owner of all rights in connection therewith. All Work Product is and at all times shall be "work made for hire." Employee hereby assigns to the Company any and all of Employee's rights to any Inventions, absolutely and forever, throughout the world and for the full term of each and every such right, including renewal or extension of any such term, provided that this Agreement does not apply to Work Product for which no equipment, supplies, facility or information of the Company was used and which was developed entirely on Employee's own time, unless (i) the Work Product relates directly to the business of the Company; or (ii) the Work Product results from any work performed by Employee for the Company. The term "*Work Product*" means any works of authorship, discoveries, formulae, processes, improvements, inventions, designs, drawings, specifications, notes, graphics, source and other code, trade secrets, technologies, algorithms, computer programs, audio, video or other files or content, ideas, designs, processes, techniques, know-how and data, whether or not patentable or copyrightable, made, conceived, reduced to practice or developed by Employee, either alone or jointly with others, during Employee's employment.

(g) Further Assurances; Power of Attorney. Employee agrees to perform all acts deemed necessary or desirable by the Company to permit and assist the Company, at the Company's expense, in evidencing, perfecting, obtaining, maintaining, defending and enforcing the Company's rights and Employee's

assignment with respect to such Work Product in any and all countries. Such acts may include, without limitation, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee to execute and file any documents and to do all other lawfully permitted acts to assist and cooperate in legal proceedings, in each case as is reasonably necessary to further the above purposes with the same legal force and effect as if executed by Employee.

(h) No License. Employee acknowledges that the Company and/or its affiliates, as the case may be, is and shall remain the sole and exclusive owner of its entire right, title and interest in and to the Confidential Information and all patent, copyright, trade secret, trademark and all other intellectual property rights therein. Employee hereby acknowledges and understands that this Agreement does not, and shall not be construed to, grant Employee any license or right of any nature with respect to any Work Product or intellectual property rights or any Confidential Information, materials, software or other tools made available to Employee by the Company.

12. Non-Solicitation of Employees, Customers and Vendors. Employee hereby acknowledges and agrees that the relationships of the Company with its employees, customers and vendors are valuable to the business of the Company. Except as expressly provided in this Section 12, during the term of this Agreement and for a period of two (2) years after the effective date of termination of the employment of Employee hereunder, Employee and affiliates of Employee shall not divert, recruit, solicit or otherwise take away, or attempt to take away employees, or interfere with the relationship of the Company with its customers, potential customers or vendors without the prior written consent of the Company. Notwithstanding the foregoing, the foregoing shall not apply to any employee of the Company upon the expiration of sixty (60) days from the termination of employment of such employee with the Company. In addition, this provision shall not limit or otherwise restrict Employee or affiliates of Employee from hiring any person who, through the own initiative of such person, responds to a general solicitation for employment by Employee or any of affiliates of Employee.

13. Non-Competition.

(a) Because of the legitimate business interest of the Company as described herein and the good and valuable consideration offered to Employee hereunder, during the term of the employment of Employee under this Agreement and for two (2) years after the termination of such employment, for any reason or no reason and whether employment is terminated at the option of Employee or the Company, Employee agrees and covenants not to engage in Prohibited Activity (as defined in Section (b)) within any state of the United States in which the Company is doing business or has customers as of the date of termination of the employment of Employee under this Agreement.

(b) For purposes of this Section 13, "*Prohibited Activity*" is any activity in which Employee contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern or any other

similar capacity to an entity engaged in a Competing Business. As used herein, "*Competing Business*" means any business (i) conducted by the Company or any affiliate of the Company on the Termination Date; or (ii) any business that, on the Termination Date, the Company or any affiliate of the Company plans to conduct within one (1) year following the Termination Date. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

(c) Nothing herein shall prohibit Employee from purchasing or owning less than two percent (2%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that Employee is not a controlling person of, or a member of a group that controls, such corporation.

14. Non-Disparagement.

(a) Employee hereby agrees and covenants that during the period of employment under this Agreement and for two (2) years after the termination of such employment, Employee will represent the Company in a positive light, and will refrain from making, publishing or communicating to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company or its business, or any of its affiliates, officers and investors.

(b) The Company agrees and covenants that it shall cause its officers and managers to refrain from making any defamatory or disparaging remarks, comments or statements concerning Employee to any third parties.

(c) This Section 14 does not, in any way, restrict or impede either party from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. Employee shall promptly provide written notice of any such order to the Supervising Authority. For avoidance of doubt, this Section 14 shall not restrict or impede either party from taking action and making such statements as such party deems are necessary or appropriate to protect such party's rights with respect to the terms of this Agreement.

15. Tax Provisions.

All severance benefits and other payments provided under this Agreement are intended to satisfy the requirements for an exemption from application of Section 409A of the Internal Revenue Code of 1986, as amended and the treasury regulations and other guidance thereunder and any state law of similar effect ("*Section 409A*") to the maximum extent that an exemption is available and any ambiguities herein shall be interpreted accordingly; *provided, however*, that to the extent such an exemption is not available, the payments and benefits provided under this Agreement are intended to comply with the requirements of Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly.

It is intended that (i) each installment of any separation benefits payable under this Agreement be regarded as a separate "payment" for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i), (ii) all benefits under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9)(iii), and (iii) any such benefits consisting of COBRA premiums also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v). However, if the Company determines that any severance benefits payable under this Agreement constitute "deferred compensation" under Section 409A and Employee is a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the imposition of the adverse personal tax consequences under Section 409A, (A) the timing of such severance benefit payments shall be delayed until the earlier of (1) the date that is six months and one day after the Employee's Separation from Service and (2) the date of Employee's death (such applicable date, the "*Delayed Initial Payment Date*"), and (B) the Company shall (1) pay the Employee a lump sum amount equal to the sum of the severance benefit payments that Employee would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the severance benefits had not been delayed pursuant to this paragraph and (2) commence paying the balance, if any, of the severance benefits in accordance with the applicable payment schedule.

If the Company determines that any severance payments or benefits provided under this Agreement constitute "deferred compensation" under Section 409A, and the Employee's Separation from Service occurs at a time during the calendar year when the Release could become effective in the calendar year following the calendar year in which the Employee's Separation from Service occurs, then regardless of when the Release is returned to the Company and becomes effective, the Release will not be deemed effective, solely for purposes of the timing of payment of severance benefits under this Agreement, any earlier than the latest permitted effective date (the "*Release Deadline*").

16. Acknowledgment.

(a) Employee hereby acknowledges and agrees that the Services to be rendered by to the Company under this Agreement are of a special and unique character; that Employee will obtain knowledge and skill relevant to the industry of the Company and its methods of doing business and marketing strategies by virtue of the continued employment of Employee; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

(b) Employee further hereby acknowledges that (i) the amount of the compensation of Employee reflects, in part, the obligations of Employee and the rights of the Company under Sections 11, 12, 13 and 14; (ii) that Employee has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and(iii) Employee will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Sections 11, 12, 13 and 14 or the enforcement by the Company thereof.

17. Breach; Remedies. Employee shall notify the Company promptly of any breach of Sections 11, 12, 13 and 14 of this Agreement of which Employee becomes aware and will assist and cooperate with the Company in minimizing the consequences of any such breach. Employee hereby acknowledges and agrees that the provisions of Sections 11, 12, 13 and 14 of this Agreement are necessary and reasonable to protect the business and goodwill of the Company, and that Confidential Information is a confidential and valuable, special and unique asset of the Company and/or its affiliates, as the case may be, that gives its respective owner an advantage over its actual and potential, current and future competitors. Employee further acknowledges and agrees that Employee owes the Company and its affiliates a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or use, certain Confidential Information constitutes "trade secrets" under applicable laws and unauthorized disclosure or use of Confidential Information would cause substantial irreparable injury to the Company and/or its affiliates. Employee further acknowledges and agrees that a breach of Sections 11, 12, 13 and 14 of this Agreement will cause injury to the Company and/or its affiliates for which money damages may be an inadequate remedy and that, in addition to any remedies available at law, in equity, or otherwise, the Company and/or its affiliates, as the case may be, is entitled to obtain specific performance, injunctive relief and/or any other equitable remedy or relief against the breach or threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages.

18. Waiver. No waiver of a breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provision hereof, and no wavier shall be effective unless granted in writing and signed by an authorized representative of the waiving Party. The failure or refusal of a Party to insist upon strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right, nor shall such failures or refusals be deemed a custom or practice contrary to such provision or right.

19. Entire Agreement; Amendments. This Agreement sets forth the entire agreement, and supersedes prospectively all prior and contemporaneous agreements, understandings, representations and warranties, whether written or oral, between the Parties and relating to the subject matter of this Agreement, including the Prior Agreement. This Agreement may not be modified, amended, supplemented or discharged, in whole or in part, except by an agreement in writing signed by both of the Parties. The rights and remedies specified in this Agreement are in addition to any other rights and remedies that may be available at law or in equity. Entire Agreement.

20. Attorneys' Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and disbursements and expenses of investigation in addition to any other relief to which it may be entitled.

21. Governing Law; Survival. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Texas, without giving effect to any conflict of laws rules or principles of any jurisdiction. The federal and state courts located within Austin, Travis County, State of Texas shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement. Each Party hereby

irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, by a court of competent jurisdiction, the other provisions of this Agreement shall continue to be valid and the Parties shall reform this Agreement, and the same is hereby reformed, to replace the void or unenforceable provision with one that is valid and enforceable and most nearly approximates their original intent.

22. Legal Construction; Legal Representation. This Agreement shall not be construed against the Party drafting this Agreement, despite its responsibility for its preparation. Employee acknowledges that Cooley LLP represents the Company and not the Employee in drafting and negotiating this Agreement, and Employee has been given an opportunity to review this Agreement with counsel of his choice prior to his execution of this Agreement.

23. Assignment. Neither this Agreement nor any duties nor obligations hereunder may be assigned without the prior written consent of the Parties; provided, however, that the Company, without obtaining the consent of Employee, may assign its rights and obligations hereunder to a wholly-owned subsidiary and provided further that any post-employment restrictions shall be assignable by the Company to any entity that purchases all or substantially all of the assets of the Company. In the event of an assignment by Employee to which Company has consented, the assignee or the legal representative of the assignee must agree in writing with Company to personally assume and be bound by all the provisions of this Agreement.

24. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, and assigns.

25. Severability; Provisions Subject to Applicable Law. All provisions of this Agreement shall be applicable only to the extent that they do not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal or unenforceable under any applicable law. If any provision of this Agreement or any application thereof shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other provisions of this Agreement or of any other application of such provision shall in no way be affected thereby.

26. Notices. All notices and other communications in connection with this Agreement shall be in writing and shall be considered given as follows:

(a) When delivered personally to the recipient’s address as stated below the signatures of the Parties, or such other address as such recipient has notified the other Party hereto;

(b) Five (5) days after being deposited in the United States mail, with postage prepaid to the recipient’s address as stated in this Agreement; or

(c) One (1) day after delivery of the notice to a nationally recognized courier service, marked for overnight delivery.

27. Waiver of Rights. No waiver by the Company or Employee of a right or remedy hereunder shall be deemed to be a waiver of any other right or remedy or of any subsequent right or remedy of the same kind.

28. Definitions; Headings; and Number. A term defined in any part of this Agreement shall have the defined meaning wherever such term is used herein. The headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement. Where appropriate to the context of this Agreement, use of the singular shall be deemed also to refer to the plural, and use of the plural to the singular.

29. Counterparts; Electronic Signatures. This Agreement may be executed in separate counterparts, each of which shall be deemed an original but both of which taken together shall constitute but one and the same instrument. Signatures transmitted by facsimile or other electronic means shall have the same effect as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Employment Agreement to be executed by its duly authorized officer and Employee has executed this Employment Agreement effective as of the Effective Date.

Company

Vital Farms, Inc.

By: /s/ Matthew O'Hayer
Matthew O'Hayer, Executive Chairman

Employee

/s/ Russell Diez-Canseco
Russell Diez-Canseco

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "*Agreement*"), is entered into effective as of the 9th day of July, 2020 (the "*Effective Date*"), by and between Vital Farms, Inc., a Delaware corporation (the "*Company*"), and Jason Dale, an individual residing in Austin, Texas ("*Employee*"). This Agreement amends, restates and supersedes prospectively in its entirety the Employment Agreement between the Company and Employee dated October 15, 2018 (the "*Prior Agreement*").

RECITALS

WHEREAS, the Company and Employee executed the Prior Agreement pursuant to which Employee continued employment with the Company;

WHEREAS, the Company and Employee desire to enter into an amended and restated employment agreement to reflect the current understanding between the Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the accuracy of which is hereby acknowledged, and in further consideration of the mutual promises and covenants herein set forth, the Parties hereby agree as follows:

1. Employment. The Company desires to continue the at-will employment of Employee in the capacity of full-time Chief Operating Officer and Chief Financial Officer pursuant to the terms and conditions of this Agreement and, in connection therewith, to compensate Employee for Employee's personal services to the Company. Employee, in turn, desires to continue to be employed by the Company on an at-will basis and provide personal services to the Company in return for certain compensation, upon the terms and subject to the conditions contained in this Agreement.

2. Duties and Authority. During the term of this Agreement, Employee will continue to serve as the Chief Operating Officer and Chief Financial Officer of the Company. Employee will perform such services as are customary for employees having such title in a corporation similar in size and complexity of the Company, and such services as Employee has performed for the Company in the past (the "*Services*"). To the extent not addressed or described in this Agreement, the duties and conditions of the employment of Employee shall be governed by the Vital Farms Crewmember Handbook and existing practices. In the event of a conflict between this Agreement and the Vital Farms Crewmember Handbook and existing practices, the terms of this Agreement shall govern. Employee will continue to perform the Services faithfully and to the best ability of Employee and use the best efforts of Employee to carry out the duties and responsibilities to the Company as contemplated herein. In performing the duties of Employee under this Agreement, Employee will fully support, assist, and cooperate with efforts of the Company to expand its business and operate profitably and in conformity with business and strategic plans approved from time to time by the Company.

The position of Employee and the associated duties of Employee may be changed by the Company; provided, however, that any such change shall be consistent with the training, experience and qualifications of Employee.

3. Term of Employment. The continued employment of Employee with the Company under this Agreement shall begin on the Effective Date and shall continue until such employment is terminated by either party in accordance with the terms of Section 9 of this Agreement.

4. Direction from Supervising Officer. Employee will report to the Chief Executive Officer of the Company (the "*Supervising Authority*") for direction and guidance as to the performance of the duties of Employee under this Agreement. To facilitate communication between Employee and the Supervising Authority, Employee will report on the status of the activities of Employee and the performance of the duties of Employee to the Supervising Authority at such times as Employee may be reasonably requested to do so.

5. Authority. The Company will vest in Employee such authority that may reasonably be necessary in the performance of the duties of Employee, or as may be consistent, customary or commensurate with the position; provided, however, that Employee will not have any authority to execute contracts or enter into agreements on behalf of the Company unless such authority is specifically delegated to Employee by the Board of Directors of the Company (the "*Board*") or the Supervising Authority.

6. Time and Attention to Services. Employee will continue to devote substantially all of the professional time and attention of Employee to the performance of the duties of Employee to the Company during the term of this Agreement.

7. Place of Performance. Except as otherwise reasonably determined by the Supervising Authority from time to time, throughout the term of this Agreement, the time of Employee performing the duties of Employee under this Agreement will be spent at the Company's headquarters office in Austin, Texas and/or traveling on behalf of the Company. The Company will not require Employee to relocate to any area more than 50 miles from the current location of the Company, unless the Company moves its home office to such location.

8. Compensation and Benefits.

(a) Base Salary. Employee shall be paid a base salary of $320,000 ("*Base Salary*"), subject to applicable federal, state, and local withholding, and such other withholding agreed to by the Parties or otherwise required by law, or as may be periodically increased from time to time by the Company in its sole discretion. The Base Salary shall be paid to Employee in the same manner and on the same payroll schedule in which all Company executive employees receive payment. Any increases in the Base Salary of Employee shall be in the sole discretion of the Board, and nothing herein shall be deemed to require any such increase.

(b) Expenses and Reimbursements. The Company will continue to pay all reasonable and properly documented expenses incurred by Employee in furtherance of the business of the Company in accordance with applicable Company policies and procedures. Employee will continue to adhere to the published practices and procedures of the Company with respect to incurring out-of-pocket expenses and will present such expense statements, receipts, vouchers or other evidence supporting expenses incurred by Employee as the Company may from time to time request.

(c) Bonus Opportunities. During the Term of this Agreement, the Company may pay to Employee an annual bonus payment, as may be determined by the Board of Directors of the Company (the "*Board*") in its sole discretion, based upon the performance of Employee and other criteria as may be established by the Board from time to time.

(d) Other Incentive and Deferred Compensation. Employee shall continue to be eligible to participate in all other incentive and deferred compensation programs available to other executives or officers of the Company, such participation to be in the same form, under the same terms, and to the same extent that such programs are made available to other such executives or officers. Nothing in this Agreement shall be deemed to require the payment of bonuses, awards or incentive compensation to Employee if such payment would not otherwise be required under the terms of the incentive compensation programs of the Company.

(e) Employee Benefits. Employee shall continue to be eligible to participate in all employee benefit plans, policies, programs or perquisites in which other Company executive or officers participate, including the Company Stock Option program. The terms and conditions of the participation of Employee in the employee benefit plans, policies, programs or perquisites of the Company shall be governed by the terms of each such plan, policy or program.

(f) Vacation. Employee will be eligible for vacation each calendar year to be administered in accordance with the written vacation policy of the Company.

(g) Duties and Performance. Employee acknowledges and agrees that the continued employment of Employee by the Company is made with the understanding that Employee possesses a unique set of skills, abilities and experiences that will benefit the Company, and agrees that continued employment with the Company, whether during the term of this Agreement or thereafter, is contingent upon the successful performance of the duties of Employee in the position as noted above, or in such other position to which Employee may be assigned.

9. Termination.

(a) Definitions.

(i) Cause. For purposes of this Agreement, "*Cause*" means a good faith finding by the Board that:

(A) Employee failed to substantially perform the duties and obligations of Employee to the Company (other than a failure resulting from the death or incapacity of Employee because of a Disability), including but not limited to one or more acts of gross negligence or insubordination or a material breach of the written employment, ethics and compliance policies and procedures of the Company; provided, however, that in all cases Employee must be (x) provided written notice of the assumed basis for such Cause by the Board; and (y) given at least ten (10) business days to cure if such alleged reason for Cause is reasonably capable of being cured;

(B) Employee has committed a crime involving fraud, dishonesty, theft or breach of trust;

(C) Employee has been conviction of a felony involving moral turpitude;

(D) Employee intentionally and willfully engaged in misconduct that is demonstrably and materially injurious to the Company, monetarily or otherwise;

(E) Employee materially breached this Agreement, including but not limited to the Confidentiality, Non-Competition and Non-Solicitation provisions of Sections 11, 12 or 13 below, or any other agreement with the Company regarding assignment of intellectual property rights;

(F) Employee willfully violated state or federal laws or regulations in connection with employment by the Company to the material detriment of the Company; or

(G) Employee willfully failed to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials relevant to such investigation.

(ii) Disability. For purposes of this Agreement, "*Disability*" means a physical or mental illness, impairment or infirmity (other than an absence from work on an approved maternity or paternity leave) that renders Employee unable to perform the essential functions of Employee, including the duties of Employee under this Agreement, with reasonable accommodation, as determined by a physician selected by the Company and acceptable to Employee or the legal representative of Employee, for at least ninety (90) days during any 365-consecutive-day period.

(iii) Good Reason Event. For purposes of this Agreement, a "*Good Reason Event*" means

(A) a material reduction in salary of Employee;

(B) any material diminution in the authority or responsibilities of Employee with respect to the Company's business;

(C) an office relocation farther than 50 miles from the current address of the Company; or

(D) a material breach by the Company of this Agreement;

provided, however, that Good Reason Event shall not be deemed to exist hereunder unless (i) Employee determines in good faith that a Good Reason Event has occurred; (ii) Employee notifies the Company in writing of the occurrence of the Good Reason Event within 60 days of such occurrence; (iii) Employee cooperates in good faith with the Company's efforts for a period not less than 30 days following such notice to remedy the condition; (iv) notwithstanding such efforts, the Good Reason Event continues to exist; and (v) Employee terminates employment with the Company within 90 days after the end of such 30-day cure period.

(iv) Termination of Employment. The at-will employment of Employee with the Company may be terminated, prior to the expiration of the term of this Agreement, in accordance with any of the following provisions:

(A) Termination by Employee. Employee may terminate employment with the Company under this Agreement at any time during the course of this Agreement by giving written notice to the Supervising Authority at least two (2) weeks prior to the effective date of termination as set forth in the Employee Notice.

(B) Termination by the Company. The Company may, at any time and without notice, terminate the employment of Employee for Cause. Further, the Company may terminate the employment of Employee by the Company at any time during the course of this Agreement by giving at least two (2) weeks' notice in writing to Employee. Notwithstanding the preceding sentence, the Company may terminate the employment of Employee at any time and, except as provided in section 10(c), pay Employee for the two week period in addition to any other amounts payable hereunder.

(C) Termination by Death or Disability. The employment of Employee by the Company under this Agreement shall terminate if Employee is unable to perform the duties of Employee due to death of Employee or disability of Employee lasting more than 90 days.

10. Severance.

(a) Termination without Good Reason or for Cause. Upon termination of employment by Employee without Good Reason or by the Company for Cause, then the Company shall pay Employee all amounts earned or accrued, but not paid, through the end of the effective date of termination of employment of Employee (the "*Termination Date*"), including (i) Base Salary; (ii) unreimbursed expenses incurred by Employee on behalf of the Company; and (iii) accrued and unused vacation pay in accordance with the normal policies and practices of the Company (collectively, "*Accrued Compensation*").

(b) Termination with Good Reason or without Cause or Upon Death or Disability. Upon termination of employment by Employee with Good Reason or by the Company without Cause or upon the death or Disability of Employee, then the Company shall pay or grant Employee (or the successors to Employee):

(i) Accrued Compensation;

(ii) An cash amount equal to 150% (one hundred fifty percent) of annual Base Salary at the level existing on the Termination Date, payable in full as a lump sum, subject to applicable deductions and withholdings, within 30 days of the date the Release becomes effective, but in no event later than March 15 of the year following the year in which the Employee's Separation from Service occurs. "*Separation from Service*" has the meaning set forth in Treasury Regulations Section 1.409A-1(h), without regard to any alternative definition thereunder;

(iii) Payment of premiums for Employee's continued health benefits through COBRA or equivalent state continuation coverage at the level existing on the Termination Date, subject to all terms and conditions of such coverage, for up to one year following the Termination Date; and

(iv) The Company will permit Employee to use shares of Company common stock held by Employee ("*Employee Shares*") to pay the exercise price of all vested options owned by the Employee on the Termination Date. The Company may require that the Employee Shares be held for the requisite period necessary to avoid a charge to the Company's earning for financial reporting purposes. The value of Employee Shares for purposes of calculating the amount necessary to pay the exercise price for vested options shall be (A) if the Company's common stock is publicly traded at such time, the market trading price of Company common stock as quoted on the applicable stock exchange or market on which the common stock is listed or (B) if prior to the time the Company's common stock is publicly traded, the fair market value of the Company's common stock at the time of exercise, as determined in good faith by the Company's Board of Directors (or compensation committee thereof) by reference to a recent 409A valuation of the Company's common stock by an independent third party valuation firm.

Amounts under this Section 10(b) shall be payable in accordance with the normal policies and practices of the Company, except as otherwise provided above or in Section 10(c) below or Section 15.

(c) Release Documents. The payment of any amounts or benefits on termination in excess of the amounts listed in Section 10(a) that are required to be paid by law (the "***Extra Consideration***") shall be conditioned upon Employee's execution without subsequent revocation of a reasonable release of all employment related claims in favor of the Company and its affiliates in such reasonable form provided by the Company (the "***Release***"). Unless otherwise required by law, the consideration and revocation period for the release shall extend for a period of no greater than thirty (30) days, with payments of Extra Consideration to begin in accordance with the applicable provisions of Section 10(b) following the expiration of the revocation period.

11. Confidentiality and Non-Disclosure.

(a) Confidential Information. For purposes of this Agreement, "*Confidential Information*" or "*Information*" means any and all tangible and intangible information, whether previously disclosed or to be disclosed to Employee, whether oral, written, graphic, machine-readable or in any other medium, whether existing in the past, currently existing or created in the future, whether or not created by Employee, relating to the management, operations, marketing, research, finances and other business areas of the Company, including without limitation the terms of this Agreement and information relating to: patents, copyrights, trademarks, trade secrets and all other forms of intellectual property and applications therefor; product or business plans; marketing plans; financial information and plans; proposed mergers, acquisitions, or other corporate strategies; discoveries and inventions; products; pricing; training; processes; patterns; designs; drawings; experiments; statistics; improvements; the identity of and information regarding any customer, supplier, vendor, contractor, owner, or affiliate; policies, guidelines, procedures, practices, disputes, or litigation; engineering; formulae; agreements with third parties; legal matters; the identity of former, current or potential clients, customers, vendors, or suppliers including information about interested parties who might be converted to clients, customers, vendors, or suppliers of the Company; analyses and evaluation of client or customer needs, preferences and requirements; data providers, suppliers and vendors; samples; mailing or information lists or other data compilations of any kind or nature; proprietary data; data models; data integration; capabilities; know-how; works-in-progress; manuals; specifications; product strategies; purchase and sale or other business records; marketing information of any kind; salaries, benefits, or any other compensation; information about the employees, officers and the Board of the Company, and the confidential and proprietary information of the subsidiaries, parent companies, affiliates, partners, joint venturers, suppliers, vendors, customers, clients, partners of the Company and the like, including any notes relating thereto, regardless of whether such information was developed by the Company or was furnished by third parties, and regardless of whether such information was disclosed to or by the Company in writing or orally. Confidential Information shall also include without limitation those portions of any reports, notes, analyses, computations, studies, summaries, interpretations, projections, forecasts, memoranda, and other materials, in whatever form maintained, whether documentary, computerized, or otherwise, whether prepared by Employee, that contain, are based on, or otherwise reflect, to any degree, any of the foregoing.

Confidential Information does not include any information which, as demonstrated by Employee: (i) Employee knew of through independent proper means before the Company disclosed it to Employee; (ii) has become publicly known through no wrongful act of Employee; (iii) Employee can prove was developed independently by Employee without the use of the Confidential information, (iv) is lawfully obtained from any third party who to knowledge of Employee has the right to make such disclosure; (v) is disclosed to enforce the terms of this Agreement; (vi) is released for publication by the Company; or (vii) is required to be disclosed by Employee solely in order to comply with valid and applicable laws, governmental regulations or legal orders, provided, that prior to any such disclosure Employee shall promptly furnish written notice of such disclosure requirement to the Company so that the Company may seek a protective order or any other remedies available, and Employee shall cooperate and assist the Company (at the expense of the Company) in preventing such disclosure of any Confidential Information, provided, further, if Employee remains legally compelled to make such disclosure, Employee shall only disclose that portion of the Confidential Information that Employee is legally required to disclose.

(b) Nondisclosure of Confidential Information. Employee promises and agrees to hold such Confidential Information in trust and for the benefit of the Company and not use or disclose any such Information for the own use by Employee or for any purpose other than to fulfill the specific duties of the employment of Employee by the Company. The promise of Employee not to use or disclose Information applies to all such Confidential Information received or otherwise obtained by Employee before and during the duration of this Agreement. Employee understands that this prohibition on use or disclosure prevents discussing Confidential Information by Employee, or sharing it in any other manner with any persons or entities, except to the extent Employee reasonably and in good faith believes such disclosure is necessary or appropriate to fulfill the specific duties of the employment of Employee by the Company. Employee agrees to take reasonable measures to protect the secrecy of the Confidential Information and to protect it from entering the public domain or the possession of it by unauthorized persons or entities. Employee further agrees to immediately notify the Company of any actual or suspected misuse, misappropriation or unauthorized disclosure of Confidential Information which may, by using reasonable care and diligence, come to the attention of Employee. The foregoing use and disclosure restrictions, and the commitments of Employee and obligations relevant to them, shall survive termination of this Agreement and shall continue to bind Employee in perpetuity from the date on which this Agreement is terminated. Notwithstanding the preceding, disclosure of the terms of this Agreement to Employee's immediate family, legal counsel and other professional advisors who agree to maintain the confidentiality of such information or disclosure as required by applicable law shall not violate the terms of this Section 11.

(c) Return of Confidential Information. Employee shall not retain any of the Confidential Information. Immediately following the termination of Employee's employment with the Company for any reason, Employee shall return to the Company all Confidential Information, including without limitation any notes, drawings, documents, discs and other tangible, intangible and electronic manifestations of the Confidential Information, and any copies and/or reproductions thereof, whether printed, electronic, original or copies, that Employee has in his possession or control, and shall remove all such Confidential Information from the records of Employee. For avoidance of doubt, the address book contact information of Employee shall not be treated as Confidential Information.

(d) Absence of Prior Restrictions; Use of Others' Confidential Information.

(i) Representation of No Prior Restrictions. Employee represents and warrants that to the best knowledge of Employee there is no reason that Employee cannot legally enter into this Agreement and perform the Services contemplated by this Agreement. Specifically, Employee represents and warrants that Employee is not a party to, or has disclosed to the Company, any agreement with a former employer or other party containing any post-employment restrictions, non-competition provisions or any other restrictive covenants with respect to (i) the rendition of any Services that Employee is expected to perform or conduct; (ii) the disclosure or use of any information that, directly or indirectly, relates to the business

of the Company or the Services to be rendered by Employee; or (iii) any other obligation that would impact or restrict the employment of Employee by the Company or the performance of the duties of Employee under this Agreement. Employee further represents and warrants that Employee is not in violation of any such agreement described in this Section.

(ii) Use of Other's Confidential Information. The Company prohibits Employee from engaging in any unfair competition or otherwise misusing confidential information of any prior employer or other entity. Accordingly, Employee represents and warrants that Employee (i) will hold and safeguard the confidential information and trade secrets of any prior employer or other entity and will not misappropriate, use, disclose or make available to anyone at the Company any such information; (ii) will comply with any lawful non-solicitation agreement applicable to any former employer of Employee or other entity; and (iii) has not wrongfully retained or removed any files, books, correspondence, reports, proposals, records or other documents concerning the business of a former employer or other entity, whether prepared by Employee or not.

(e) Trade Secrets. Employee agrees not to use or disclose any trade secrets of the Company at any time except as Employee reasonably and in good faith believes is necessary or appropriate to perform the employment duties of Employee for the Company. A trade secret generally consists of valuable, secret information or ideas that the Company collects or uses in order to keep its competitive edge (including confidential information supplied to the Company by its customers, clients, suppliers, vendors or agents). Examples of trade secrets include, but are not limited, to such technical information as manufacturing or operating processes, equipment design, product specifications, and other proprietary technology, and such business information as selling and pricing information and procedures, client lists, business and marketing plans and internal financial statements. A trade secret does not include any information or ideas: (i) that has become publicly known through no wrongful act of Employee; or (ii) is voluntarily disclosed to the public by the Company.

(f) Ownership of Work Product and Intellectual Property. Employee acknowledges and agrees that all Work Product (defined below) which Employee makes, conceives, reduces to practice or develops (in whole or in part, either alone or jointly with others) within the scope of Employee's employment shall be the sole and exclusive property of the Company. The Company shall be the sole owner of all rights in connection therewith. All Work Product is and at all times shall be "work made for hire." Employee hereby assigns to the Company any and all of Employee's rights to any Inventions, absolutely and forever, throughout the world and for the full term of each and every such right, including renewal or extension of any such term, provided that this Agreement does not apply to Work Product for which no equipment, supplies, facility or information of the Company was used and which was developed entirely on Employee's own time, unless (i) the Work Product relates directly to the business of the Company; or (ii) the Work Product results from any work performed by Employee for the Company. The term "*Work Product*" means any works of authorship, discoveries, formulae, processes, improvements, inventions, designs, drawings, specifications, notes, graphics, source and other code, trade secrets, technologies, algorithms, computer programs, audio, video or other files or content, ideas, designs, processes, techniques, know-how and data, whether or not patentable or copyrightable, made, conceived, reduced to practice or developed by Employee, either alone or jointly with others, during Employee's employment.

(g) Further Assurances; Power of Attorney. Employee agrees to perform all acts deemed necessary or desirable by the Company to permit and assist the Company, at the Company's expense, in evidencing, perfecting, obtaining, maintaining, defending and enforcing the Company's rights and Employee's assignment with respect to such Work Product in any and all countries. Such acts may include, without limitation, execution of documents and assistance or cooperation in legal proceedings. Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee to execute and file any documents and to do all other lawfully permitted acts to assist and cooperate in legal proceedings, in each case as is reasonably necessary to further the above purposes with the same legal force and effect as if executed by Employee.

(h) No License. Employee acknowledges that the Company and/or its affiliates, as the case may be, is and shall remain the sole and exclusive owner of its entire right, title and interest in and to the Confidential Information and all patent, copyright, trade secret, trademark and all other intellectual property rights therein. Employee hereby acknowledges and understands that this Agreement does not, and shall not be construed to, grant Employee any license or right of any nature with respect to any Work Product or intellectual property rights or any Confidential Information, materials, software or other tools made available to Employee by the Company.

12. Non-Solicitation of Employees, Customers and Vendors. Employee hereby acknowledges and agrees that the relationships of the Company with its employees, customers and vendors are valuable to the business of the Company. Except as expressly provided in this Section 12, during the term of this Agreement and for a period of two (2) years after the effective date of termination of the employment of Employee hereunder, Employee and affiliates of Employee shall not divert, recruit, solicit or otherwise take away, or attempt to take away employees, or interfere with the relationship of the Company with its customers, potential customers or vendors without the prior written consent of the Company. Notwithstanding the foregoing, the foregoing shall not apply to any employee of the Company upon the expiration of sixty (60) days from the termination of employment of such employee with the Company. In addition, this provision shall not limit or otherwise restrict Employee or affiliates of Employee from hiring any person who, through the own initiative of such person, responds to a general solicitation for employment by Employee or any of affiliates of Employee.

13. Non-Competition.

(a) Because of the legitimate business interest of the Company as described herein and the good and valuable consideration offered to Employee hereunder, during the term of the employment of Employee under this Agreement and for two (2) years after the termination of such employment, for any reason or no reason and whether employment is terminated at the option of Employee or the Company, Employee agrees and covenants not to engage in Prohibited Activity (as defined in Section (b)) within any state of the United States in which the Company is doing business or has customers as of the date of termination of the employment of Employee under this Agreement.

(b) For purposes of this Section 13, "*Prohibited Activity*" is any activity in which Employee contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern or any other similar capacity to an entity engaged in a Competing Business. As used herein, "*Competing Business*" means any business (i) conducted by the Company or any affiliate of the Company on the Termination Date; or (ii) any business that, on the Termination Date, the Company or any affiliate of the Company plans to conduct within one (1) year following the Termination Date. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

(c) Nothing herein shall prohibit Employee from purchasing or owning less than two percent (2%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that Employee is not a controlling person of, or a member of a group that controls, such corporation.

14. Non-Disparagement.

(a) Employee hereby agrees and covenants that during the period of employment under this Agreement and for two (2) years after the termination of such employment, Employee will represent the Company in a positive light, and will refrain from making, publishing or communicating to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company or its business, or any of its affiliates, officers and investors.

(b) The Company agrees and covenants that it shall cause its officers and managers to refrain from making any defamatory or disparaging remarks, comments or statements concerning Employee to any third parties.

(c) This Section 14 does not, in any way, restrict or impede either party from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. Employee shall promptly provide written notice of any such order to the Supervising Authority. For avoidance of doubt, this Section 14 shall not restrict or impede either party from taking action and making such statements as such party deems are necessary or appropriate to protect such party's rights with respect to the terms of this Agreement.

15. Tax Provisions.

All severance benefits and other payments provided under this Agreement are intended to satisfy the requirements for an exemption from application of Section 409A of the Internal Revenue Code of 1986, as amended and the treasury regulations and other guidance thereunder and any state law of similar effect ("*Section 409A*") to the maximum extent that an exemption is available and any ambiguities herein shall be interpreted accordingly; *provided, however*, that to the extent such an exemption is not available, the payments and benefits provided under this Agreement are intended to comply with the requirements of Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly.

It is intended that (i) each installment of any separation benefits payable under this Agreement be regarded as a separate "payment" for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i), (ii) all benefits under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9)(iii), and (iii) any such benefits consisting of COBRA premiums also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v). However, if the Company determines that any severance benefits payable under this Agreement constitute "deferred compensation" under Section 409A and Employee is a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the imposition of the adverse personal tax consequences under Section 409A, (A) the timing of such severance benefit payments shall be delayed until the earlier of (1) the date that is six months and one day after the Employee's Separation from Service and (2) the date of Employee's death (such applicable date, the "*Delayed Initial Payment Date*"), and (B) the Company shall (1) pay the Employee a lump sum amount equal to the sum of the severance benefit payments that Employee would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the severance benefits had not been delayed pursuant to this paragraph and (2) commence paying the balance, if any, of the severance benefits in accordance with the applicable payment schedule.

If the Company determines that any severance payments or benefits provided under this Agreement constitute "deferred compensation" under Section 409A, and the Employee's Separation from Service occurs at a time during the calendar year when the Release could become effective in the calendar year following the calendar year in which the Employee's Separation from Service occurs, then regardless of when the Release is returned to the Company and becomes effective, the Release will not be deemed effective, solely for purposes of the timing of payment of severance benefits under this Agreement, any earlier than the latest permitted effective date (the "*Release Deadline*").

16. Acknowledgment.

(a) Employee hereby acknowledges and agrees that the Services to be rendered by to the Company under this Agreement are of a special and unique character; that Employee will obtain knowledge and skill relevant to the industry of the Company and its methods of doing business and marketing strategies by virtue of the continued employment of Employee; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

(b) Employee further hereby acknowledges that (i) the amount of the compensation of Employee reflects, in part, the obligations of Employee and the rights of the Company under Sections 11, 12, 13 and 14; (ii) that Employee has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and(iii) Employee will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Sections 11, 12, 13 and 14 or the enforcement by the Company thereof.

17. Breach; Remedies. Employee shall notify the Company promptly of any breach of Sections 11, 12, 13 and 14 of this Agreement of which Employee becomes aware and will assist and cooperate with the Company in minimizing the consequences of any such breach. Employee hereby acknowledges and agrees that the provisions of Sections 11, 12, 13 and 14 of this Agreement are necessary and reasonable to protect the business and goodwill of the Company, and that Confidential Information is a confidential and valuable, special and unique asset of the Company and/or its affiliates, as the case may be, that gives its respective owner an advantage over its actual and potential, current and future competitors. Employee further acknowledges and agrees that Employee owes the Company and its affiliates a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or use, certain Confidential Information constitutes “trade secrets” under applicable laws and unauthorized disclosure or use of Confidential Information would cause substantial irreparable injury to the Company and/or its affiliates. Employee further acknowledges and agrees that a breach of Sections 11, 12, 13 and 14 of this Agreement will cause injury to the Company and/or its affiliates for which money damages may be an inadequate remedy and that, in addition to any remedies available at law, in equity, or otherwise, the Company and/or its affiliates, as the case may be, is entitled to obtain specific performance, injunctive relief and/or any other equitable remedy or relief against the breach or threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages.

18. Waiver. No waiver of a breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provision hereof, and no wavier shall be effective unless granted in writing and signed by an authorized representative of the waiving Party. The failure or refusal of a Party to insist upon strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right, nor shall such failures or refusals be deemed a custom or practice contrary to such provision or right.

19. Entire Agreement; Amendments. This Agreement sets forth the entire agreement, and supersedes prospectively all prior and contemporaneous agreements, understandings, representations and warranties, whether written or oral, between the Parties and relating to the subject matter of this Agreement, including the Prior Agreement. This Agreement may not be modified, amended, supplemented or discharged, in whole or in part, except by an agreement in writing signed by both of the Parties. The rights and remedies specified in this Agreement are in addition to any other rights and remedies that may be available at law or in equity. Entire Agreement.

20. Attorneys' Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and disbursements and expenses of investigation in addition to any other relief to which it may be entitled.

21. Governing Law; Survival. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Texas, without giving effect to any conflict of laws rules or principles of any jurisdiction. The federal and state courts located within Austin, Travis County, State of Texas shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement. Each Party hereby irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, by a court of competent jurisdiction, the other provisions of this Agreement shall continue to be valid and the Parties shall reform this Agreement, and the same is hereby reformed, to replace the void or unenforceable provision with one that is valid and enforceable and most nearly approximates their original intent.

22. Legal Construction; Legal Representation. This Agreement shall not be construed against the Party drafting this Agreement, despite its responsibility for its preparation. Employee acknowledges that Cooley LLP represents the Company and not the Employee in drafting and negotiating this Agreement, and Employee has been given an opportunity to review this Agreement with counsel of his choice prior to his execution of this Agreement.

23. Assignment. Neither this Agreement nor any duties nor obligations hereunder may be assigned without the prior written consent of the Parties; provided, however, that the Company, without obtaining the consent of Employee, may assign its rights and obligations hereunder to a wholly-owned subsidiary and provided further that any post-employment restrictions shall be assignable by the Company to any entity that purchases all or substantially all of the assets of the Company. In the event of an assignment by Employee to which Company has consented, the assignee or the legal representative of the assignee must agree in writing with Company to personally assume and be bound by all the provisions of this Agreement.

24. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, and assigns.

25. Severability; Provisions Subject to Applicable Law. All provisions of this Agreement shall be applicable only to the extent that they do not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal or unenforceable under any applicable law. If any provision of this Agreement or any application thereof shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other provisions of this Agreement or of any other application of such provision shall in no way be affected thereby.

26. Notices. All notices and other communications in connection with this Agreement shall be in writing and shall be considered given as follows:

(a) When delivered personally to the recipient's address as stated below the signatures of the Parties, or such other address as such recipient has notified the other Party hereto;

(b) Five (5) days after being deposited in the United States mail, with postage prepaid to the recipient's address as stated in this Agreement; or

(c) One (1) day after delivery of the notice to a nationally recognized courier service, marked for overnight delivery.

27. Waiver of Rights. No waiver by the Company or Employee of a right or remedy hereunder shall be deemed to be a waiver of any other right or remedy or of any subsequent right or remedy of the same kind.

28. Definitions; Headings; and Number. A term defined in any part of this Agreement shall have the defined meaning wherever such term is used herein. The headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement. Where appropriate to the context of this Agreement, use of the singular shall be deemed also to refer to the plural, and use of the plural to the singular.

29. Counterparts; Electronic Signatures. This Agreement may be executed in separate counterparts, each of which shall be deemed an original but both of which taken together shall constitute but one and the same instrument. Signatures transmitted by facsimile or other electronic means shall have the same effect as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Employment Agreement to be executed by its duly authorized officer and Employee has executed this Employment Agreement effective as of the Effective Date.

Company

Vital Farms, Inc.

By: /s/ Russell Diez-Canseco
Russell Diez-Canseco, Chief Executive Officer

Employee

/s/ Jason Dale
Jason Dale

July 7, 2020

Scott Marcus
[address]
[address]

Re: **Offer of Employment**

Dear Scott,

Vital Farms, Inc. (the "Company") is pleased to offer you continued employment on the terms set forth in this Amended and Restated Offer Letter (the "Agreement"). Subject to your execution of this Agreement, as provided below, effective as of July 7, 2020 (the "Effective Date"), this Agreement amends, restates and supersedes prospectively in its entirety your prior offer letter with the Company dated February 11, 2016 (the "Prior Agreement")

As of the Effective Date, your position will continue to be Chief Marketing Officer, performing such duties as are normally associated with this position and such duties as are assigned to you from time to time. You will continue to report to Russell Diez-Canseco, Chief Executive Officer, and work at the Company's headquarters in Austin, Texas. This is a full-time position. As an exempt salaried employee, you will continue to devote substantially all of your business time and attention to the business of the Company and will not be eligible for overtime compensation.

Your initial base salary will continue to be at the rate of $9,615.38 bi-weekly, which equates to $250,000 on an annualized basis, payable in accordance with the Company's standard payroll practices and subject to applicable deductions and withholdings.

You will also remain eligible to participate in the 401(k) plan maintained by the Company, which currently provides for a bi-weekly employer contribution equal to 3% of your earnings (subject to IRS employer contribution limits), as well as a $650 per month car allowance, $40 per month cell-phone reimbursement and $50 per month internet reimbursement (while working from home) in accordance with the Company's policies on expense reimbursement. As a leader in our company, you will remain eligible for time off under our management time off policy and will not be subject to the standard PTO limits. You will be entrusted to manage your work and time off in accordance with such policy and the business and operational needs of the Company.

Additionally, you will continue to be eligible to earn a discretionary annual bonus (the "***Annual Bonus***") at an annual target amount of 50% of your base salary. Whether any Annual Bonus is awarded will be based upon the Company's assessment of your performance and the Company's attainment of goals as

set by the Board of Directors in its sole discretion. Following the close of each fiscal year, the Company will determine in its sole discretion whether it will award you an Annual Bonus and the amount of any such Annual Bonus. No amount of the Annual Bonus is guaranteed, and in addition to the other conditions for being awarded such compensation, you must be an employee in good standing on the Annual Bonus payment date to be eligible to earn and receive an Annual Bonus. No partial or prorated bonuses will be provided. The Annual Bonus, if any, will be paid, less applicable payroll deductions and withholdings, as soon as practicable after the end of the fiscal year for which it was earned, but in no event will it be paid later than March 15 of the year following the fiscal year for which it was earned.

The parties acknowledge that you were previously awarded certain option grants pursuant to the terms of your Prior Agreement, the Company's equity incentive plan and any applicable award agreements, which options shall remain in effect and unchanged by this Agreement.

Your continued employment is subject to the Company's personnel policies and procedures as they may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. You will continue to be eligible to participate on the same basis as similarly situated employees in the Company's current benefit plans in effect from time to time during your employment. All matters of eligibility for coverage or benefits under any benefit plan shall be determined in accordance with the provisions of such plan. The Company reserves the right to change, alter, or terminate any benefit plan in its sole discretion.

Your employment with the Company will continue be "at will" which means that either you or the Company may terminate your employment at any time for any reason, with or without advance notice.

As a condition of your continued employment, you are to continue to comply with the Proprietary Information and Inventions Agreement you signed on February 11, 2016 which prohibits unauthorized use or disclosure of the Company's proprietary information, among other obligations.

By signing this letter you are representing that you have full authority to accept continued employment and continue to perform the duties of your position without conflict with any other obligations and that you are not involved in any situation that might create, or appear to create, a conflict of interest with respect to your loyalty to or duties for the Company. You specifically warrant that you are not subject to an employment agreement or restrictive covenant preventing full performance of your duties to the Company. You agree not to bring to the Company or use in the performance of your responsibilities at the Company any materials or documents of a former employer that are not generally available to the public, unless you have obtained express written authorization from the former employer for their possession and use. You also agree to continue to honor all obligations to former employers during your employment with the Company.

By signing this letter, you acknowledge that the terms described in this letter, together with your Proprietary Information and Inventions Agreement, set forth the entire understanding between us and supersedes prospectively any prior representations or agreements, whether written or oral, including but not limited to the Prior Agreement; there are no terms, conditions, representations, warranties or covenants other than those contained herein. No term or provision of this letter may be amended waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company, except that the Company may, in its sole discretion, adjust rate of pay, salaries, incentive compensation, stock plans, benefits, job titles, locations, duties, responsibilities and reporting relationships.

As you know, this is an exciting time for our business and for our industry. We are grateful for your contributions to our success and look forward to the opportunity to continue working you. Please indicate your acceptance of this offer by signing below and returning to me.

Sincerely,

Vital Farms, Inc.

/s/ Margaux Gillman

Name: Margaux Gillman
Title: Vice President of Talent & Culture

ACCEPTED AND AGREED TO:

/s/ Scott Marcus
(Signature)

Date: July 7, 2020

January 27, 2020

VIA HAND DELIVERY

Daniel Jones

Re: Offer of Employment for Vice President, Finance Position

Dear Daniel,

As we discussed, it has been a pleasure to work with you for the past several months and to see you settle in with our Vital Farms family. I continue to believe that you are a great fit for Vital Farms. However, as we have discussed, often times, we discover that we have found the right person for the company but we have not placed that person in the right job where we can maximize their potential. I believe that is true with you with regard to the role of the Chief Financial Officer. Therefore, we are offering you the opportunity to step down from the Chief Financial Officer role and transition into the role of Vice President, Finance. Below are the details regarding the Vice President, Finance position.

Title: Vice President, Finance

Reporting to: Chief Financial Officer

Salary: $200,000 per year ($7,692.31 per bi-weekly pay-period)

Target Annual Bonus: 30% (see below)

Stock Options: You currently have options that have been granted to you by Vital Farms but that have not yet vested. Vital Farms originally granted you 243,770 options. If you accept the Vice President, Finance position, you will be eligible to retain 50,000 of those unvested options ("the Retained Options"). However, as a condition to your continued employment, you will be required to forfeit the remainder of the original grant; meaning you will forfeit 193,770 unvested options (the "Forfeited Options"). For the Retained Options, you will be permitted to maintain the original grant date of August 22, 2019 and the options will vest based on that grant date and per the terms of the Company's 2013 Incentive Plan and your stock option agreement thereunder. You will also be able to maintain the original strike price of $13.1083 per share for the Retained Options. The offer of the Vice President, Finance position is contingent upon your execution of this letter, which will also act as your agreement to the forfeiture of the unvested Forfeited Options. Such execution must occur prior to the start date defined below.

Start Date: January 28, 2020

Bonus Program: You will be eligible for a target bonus of 30% of base salary, based on achievement of company objectives, and subject to the approval and discretion of the CEO and our board of directors. As our bonus program follows the calendar year, the amount will be prorated for the amount of time in the Vice President, Finance position at Vital Farms.

Cell Phone: $40/month

Other Benefits: You will continue to be eligible for other benefits including medical, dental, vision immediately with no waiting period because of your current employee status with Vital Farms. You will also continue to be eligible for the annual 401k contribution equal to 3% of your salary. You will continue to be entrusted to manage your work and time off as a leader in our company and will not be subject to the standard PTO limits which apply to other crew members.

Your compensation will be payable in accordance with the company's payroll policy and will be subject to review and adjustment by the company. You will continue to be expected to devote your full time and best efforts to the performance of your duties and responsibilities for the company and to abide by company policies and procedures as these may be change from time to time.

If you accept this offer to transition to the Vice President, Finance role, your acceptance indicates that you acknowledge that any confidentiality/non-competition agreement that you have already signed with Vital Farms will continue to be enforceable. Should we require it, in consideration of your employment by the company, you agree to execute another confidentiality/non-competition agreement.

Please understand that this offer does not constitute a contract of employment for any particular period or a guarantee of continued employment. Our relationship is one of voluntary employment, "at will." While we hope our relationship will continue to be mutually beneficial, it should be recognized that you would retain your right to terminate your employment at any time for any reason and the Company will retain the same right. In accepting this offer, you represent that you have not relied upon any agreements or representations, written or oral, express or implied, with respect to your employment that are not expressly set forth in this letter.

If you agree with the terms of this offer and wish to continue with our Vital Farms team, please indicate your acceptance of this offer by signing below. We hope that you will accept the Vice President, Finance position and continue your meaningful contributions to Vital Farms.

Best Regards,

/s/ Russell Diez-Canseco

Russell Diez-Canseco
President and CEO

Agreed and Accepted:

/s/ Daniel Jones	January 28, 2020
Daniel Jones	
Signature	*Date*

REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

PNC BANK, NATIONAL ASSOCIATION
(AS LENDER AND AS AGENT)

WITH

VITAL FARMS, INC.

AND

EACH OTHER PERSON JOINED HERETO AS A BORROWER FROM TIME TO TIME

(COLLECTIVELY, THE BORROWERS)

OCTOBER 4, 2017

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Exhibits

Schedules

REVOLVING CREDIT, TERM LOAN

AND

SECURITY AGREEMENT

Revolving Credit, Term Loan and Security Agreement dated as of October 4, 2017 among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined hereto as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party hereto (collectively, the "Lenders" and each individually a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

IN CONSIDERATION of the mutual covenants and undertakings herein contained, Borrowers, Lenders and Agent hereby agree as follows:

I. DEFINITIONS.

1.1. Accounting Terms. As used in this Agreement, the Other Documents or any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in Section 1.2 or elsewhere in this Agreement and accounting terms partly defined in Section 1.2 to the extent not defined shall have the respective meanings given to them under GAAP; provided, however that, whenever such accounting terms are used for the purposes of determining compliance with financial covenants in this Agreement, such accounting terms shall be defined in accordance with GAAP as applied in preparation of the audited financial statements of Borrowers for the fiscal year ended December 31, 2016.

1.2. General Terms. For purposes of this Agreement the following terms shall have the following meanings:

"Accountants" shall have the meaning set forth in Section 9.7 hereof.

"Advance Rates" shall have the meaning set forth in Section 2.1(a)(y)(ii) hereof.

"Advances" shall mean and include the Revolving Advances, Letters of Credit, the Swing Loans, the Term Loan and the Equipment Loans.

"Affected Lender" shall have the meaning set forth in Section 3.11 hereof.

"Affiliate" of any Person shall mean (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director, manager, member, managing member, general partner or officer (i) of such Person, (x) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote 20% or more of the Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for any such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

"Agent" shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

"Agreement" shall mean this Revolving Credit, Term Loan and Security Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the highest of (a) the Base Rate in effect on such day, (b) the sum of the Federal Funds Open Rate in effect on such day plus one half of one percent (0.5%), and (c) the sum of the Daily LIBOR Rate in effect on such day plus one percent (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful.

"Alternate Source" shall have the meaning set forth in the definition of Federal Funds Open Rate.

"Anti-Terrorism Laws" shall mean any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

"Applicable Law" shall mean all laws, rules and regulations applicable to the Person, conduct, transaction, covenant, Other Document or contract in question, including all applicable common law and equitable principles, all provisions of all applicable state, federal and foreign constitutions, statutes, rules, regulations, treaties, directives and orders of any Governmental Body, and all orders, judgments and decrees of all courts and arbitrators.

"Application Date" shall have the meaning set forth in Section 2.8(b) hereof.

"Approvals" shall have the meaning set forth in Section 5.7(b) hereof.

"Approved Electronic Communication" shall mean each notice, demand, communication, information, document and other material transmitted, posted or otherwise made or communicated by e-mail, E-Fax, the StuckyNet System©, or any other equivalent electronic service agreed to by Agent, whether owned, operated or hosted by Agent, any Lender, any of their Affiliates or any other Person, that any party is obligated to, or otherwise chooses to, provide to Agent pursuant to this Agreement or any Other Document, including any financial statement, financial and other report, notice, request, certificate and other information material;

provided that Approved Electronic Communications shall not include any notice, demand, communication, information, document or other material that Agent specifically instructs a Person to deliver in physical form.

"Availability Reserve Amount" shall mean $1,000,000; provided, however, that, as of September 30, 2018, such amount will be reduced to $0 so long as the following conditions are satisfied: (a) no Event of Default has occurred and is continuing, (b) Undrawn Availability is greater than $2,000,000, and (c) Borrowers have maintained a Fixed Charge Coverage Ratio, measured on a rolling four (4) quarter basis, of not less than 1.10:1.00 as of the end of such fiscal quarter; provided, further, that if such conditions are not satisfied as of September 30, 2018, such amount will be reduced to $0 if the same conditions are met as of the end of any fiscal quarter thereafter.

"Base Rate" shall mean the base commercial lending rate of PNC as publicly announced to be in effect from time to time, such rate to be adjusted automatically, without notice, on the effective date of any change in such rate. This rate of interest is determined from time to time by PNC as a means of pricing some loans to its customers and is neither tied to any external rate of interest or index nor does it necessarily reflect the lowest rate of interest actually charged by PNC to any particular class or category of customers of PNC.

"Benefited Lender" shall have the meaning set forth in Section 2.6(e) hereof.

"Blocked Account Bank" shall have the meaning set forth in Section 4.8(h) hereof.

"Blocked Accounts" shall have the meaning set forth in Section 4.8(h) hereof.

"Borrower" or "Borrowers" shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons.

"Borrowers on a Consolidated Basis" shall mean the consolidation in accordance with GAAP of the accounts or other items of Borrowers and their respective Subsidiaries.

"Borrowers' Account" shall have the meaning set forth in Section 2.10 hereof.

"Borrowing Agent" shall mean Vital Farms.

"Borrowing Base Certificate" shall mean a certificate in substantially the form of Exhibit 1.2 hereto duly executed by the President, Chief Financial Officer or Controller of the Borrowing Agent and delivered to the Agent, appropriately completed, by which such officer shall certify to Agent the Formula Amount and calculation thereof as of the date of such certificate.

"Business Day" shall mean any day other than Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in East Brunswick, New Jersey and, if the applicable Business Day relates to any LIBOR Rate Loans, such day must also be a day on which dealings are carried on in the London interbank market.

"Capital Expenditures" shall mean expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements (or of any replacements or substitutions thereof

or additions thereto) which have a useful life of more than one year and which, in accordance with GAAP, would be classified as capital expenditures. Capital Expenditures for any period shall include the principal portion of Capitalized Lease Obligations paid in such period.

"Capitalized Lease Obligation" shall mean any Indebtedness of any Borrower represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash Management Products and Services" shall mean agreements or other arrangements under which Agent or any Lender or any Affiliate of Agent or a Lender provides any of the following products or services to any Borrower: (a) credit cards; (b) credit card processing services; (c) debit cards and stored value cards; (d) commercial cards; (e) ACH transactions; and (f) cash management and treasury management services and products, including without limitation controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, overdrafts, interstate depository network services. The indebtedness, obligations and liabilities of any Borrower to the provider of any Cash Management Products and Services (including all obligations and liabilities owing to such provider in respect of any returned items deposited with such provider) (the "Cash Management Liabilities") shall be "Obligations" hereunder, guaranteed obligations under the Guaranty and secured obligations under any Guarantor Security Agreement, as applicable, and otherwise treated as Obligations for purposes of each of the Other Documents. The Liens securing the Cash Management Products and Services shall be pari passu with the Liens securing all other Obligations under this Agreement and the Other Documents, subject to the express provisions of Section 11.5.

"Cash Management Liabilities" shall have the meaning provided in the definition of "Cash Management Products and Services."

"CEA" shall mean the Commodity Exchange Act (7 U.S.C.§1 et seq.), as amended from time to time, and any successor statute.

"CFTC" shall mean the Commodity Futures Trading Commission.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq.

"Change in Law" shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law; (b) any change in any Applicable Law or in the administration, implementation, interpretation or application thereof by any Governmental Body; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Applicable Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

"Change of Control" shall mean: (a) the occurrence of any event (whether in one or more transactions) which results in a transfer of control of any Borrower to a Person other than Original Owners, (b) the occurrence of any event (whether in one or more transactions) which results in Original Owners failing to own seventy percent (70%) of the Equity Interests (on a fully diluted basis) of Vital Farms, (c) the occurrence of any event (whether in one or more transactions) which results in Matt O'Hayer failing to own thirty percent (30%) or more of the Equity Interests (on a fully diluted basis) of Vital Farms, (d) the occurrence of any event (whether in one or more transactions) which results in Vital Farms failing to own one hundred (100%) percent of the Equity Interests (on a fully diluted basis) of any other Borrower, (e) any merger, consolidation or sale of substantially all of the property or assets of any Borrower. For purposes of this definition, "control" of any Person shall mean the power, direct or indirect (x) to vote more than fifty percent (50%) of the Equity Interests having ordinary voting power for the election of directors (or the individuals performing similar functions) of such Person or (y) to direct or cause the direction of the management and policies of such Person by contract or otherwise.

"Charge-Back" shall mean an obligation of a Borrower, arising in the Ordinary Course of Business, to pay a Customer for Inventory sold by a Borrower to such Customer, which Inventory is not sold by such Customer.

"Charges" shall mean all taxes, charges, fees, imposts, levies or other assessments, including all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation and property taxes, custom duties, fees, assessments, liens, claims and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts, imposed by any taxing or other authority, domestic or foreign (including the PBGC or any environmental agency or superfund), upon the Collateral, any Borrower or any of its Affiliates.

"CIP Regulations" shall have the meaning set forth in Section 14.12 hereof.

"Claims" shall have the meaning set forth in Section 16.5 hereof.

"Closing Date" shall mean October 4, 2017 or such other date as may be agreed to in writing by the parties hereto.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

"Collateral" shall mean and include all right, title and interest of each Borrower in all of the following property and assets of such Borrower, in each case whether now existing or hereafter arising or created and whether now owned or hereafter acquired and wherever located:

(a) all Receivables and all supporting obligations relating thereto;

(b) all equipment and fixtures;

(c) all general intangibles (including all payment intangibles and all software) and all supporting obligations related thereto;

(d) all Inventory;

(e) all Subsidiary Stock, securities, investment property, and financial assets;

(f) all Real Property;

(g) all contract rights, rights of payment which have been earned under a contract rights, chattel paper (including electronic chattel paper and tangible chattel paper), commercial tort claims (whether now existing or hereafter arising); documents (including all warehouse receipts and bills of lading), deposit accounts, goods, instruments (including promissory notes), letters of credit (whether or not the respective letter of credit is evidenced by a writing) and letter-of-credit rights, cash, certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), security agreements, eminent domain proceeds, condemnation proceeds, tort claim proceeds and all supporting obligations;

(h) all Handsome Farm Claims;

(i) all ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by any Borrower or in which it has an interest), computer programs, tapes, disks and documents, including all of such property relating to the property described in clauses (a) through and including (h) of this definition; and

(j) all proceeds and products of the property described in clauses (a) through and including (i) of this definition, in whatever form. It is the intention of the parties that if Agent shall fail to have a perfected Lien in any particular property or assets of any Borrower for any reason whatsoever, but the provisions of this Agreement and/or of the Other Documents, together with all financing statements and other public filings relating to Liens filed or recorded by Agent against Borrowers, would be sufficient to create a perfected Lien in any property or assets that such Borrower may receive upon the sale, lease, license, exchange, transfer or disposition of such particular property or assets, then all such "proceeds" of such particular property or assets shall be included in the Collateral as original collateral that is the subject of a direct and original grant of a security interest as provided for herein and in the Other Documents (and not merely as proceeds (as defined in Article 9 of the Uniform Commercial Code) in which a security interest is created or arises solely pursuant to Section 9-315 of the Uniform Commercial Code).

"Commitment Transfer Supplement" shall mean a document in the form of Exhibit 16.3 hereto, properly completed and otherwise in form and substance satisfactory to Agent by which the Purchasing Lender purchases and assumes a portion of the obligation of Lenders to make Advances under this Agreement.

"Compliance Certificate" shall mean a compliance certificate substantially in the form of Exhibit 1.2(a) hereto to be signed by the Chief Financial Officer or Controller of Borrowing Agent.

"Consents" shall mean all filings and all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Bodies and other third parties, domestic or foreign, necessary to carry on any Borrower's business or necessary (including to avoid a conflict or breach under any agreement, instrument, other document, license, permit or other authorization) for the execution, delivery or performance of this Agreement, the Other Documents, including any Consents required under all applicable federal, state or other Applicable Law.

"Consigned Inventory" shall mean Inventory of any Borrower that is in the possession of another Person on a consignment, sale or return, or other basis that does not constitute a final sale and acceptance of such Inventory. Inventory sold to Borrowers' Customers that is subject to Charge-Backs shall not be considered Consigned Inventory for purposes of this Agreement.

"Contract Rate" shall have the meaning set forth in Section 3.1 hereof.

"Controlled Group" shall mean, at any time, each Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with any Borrower, are treated as a single employer under Section 414 of the Code.

"Covered Entity" shall mean (a) each Borrower, each of Borrower's Subsidiaries, all Guarantors and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Customer" shall mean and include the account debtor with respect to any Receivable and/or the prospective purchaser of goods, services or both with respect to any contract or contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with any Borrower, pursuant to which such Borrower is to deliver any personal property or perform any services.

"Customs" shall have the meaning set forth in Section 2.13(b) hereof.

"Daily LIBOR Rate" shall mean, for any day, the rate per annum determined by the Agent by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the Reserve Percentage.

"Debt Payments" shall mean and include, for each applicable test period, without duplication, (a) all Interest Expense during such period, plus (b) fees, commissions and charges

set forth herein and with respect to any Advances during such period, plus (d) all scheduled principal payments on Capitalized Lease Obligations, plus (e) all scheduled principal payments, and prepaid principal payments made to the extent there is an equivalent permanent reduction in the commitments thereunder, with respect to any Indebtedness for borrowed money.

"Default" shall mean an event, circumstance or condition which, with the giving of notice or passage of time or both, would constitute an Event of Default.

"Default Rate" shall have the meaning set forth in Section 3.1 hereof.

"Defaulting Lender" shall mean any Lender that: (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Commitment Percentage, Term Loan Commitment Percentage or Equipment Loan Commitment Percentage, as applicable, of Advances, (ii) if applicable, fund any portion of its Participation Commitment in Letters of Credit or Swing Loans or (iii) pay over to Agent, Issuer, Swing Loan Lender or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including a particular Default or Event of Default, if any) has not been satisfied; (b) has notified Borrowers or Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including a particular Default or Event of Default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within two (2) Business Days after request by Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Advances and, if applicable, participations in then outstanding Letters of Credit and Swing Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon Agent's receipt of such certification in form and substance satisfactory to the Agent; (d) has become the subject of an Insolvency Event; or (e) has failed at any time to comply with the provisions of Section 2.6(e) with respect to purchasing participations from the other Lenders, whereby such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders.

"Depository Accounts" shall have the meaning set forth in Section 4.8(h) hereof.

"Designated Lender" shall have the meaning set forth in Section 16.2(d) hereof.

"Disqualified Equity Interests" shall mean any Equity Interests which, by their terms (or by the terms of any security or other Equity Interests into which they are convertible or for which they are exchangeable), or upon the happening of any event or condition, (a) mature or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or are redeemable at the option of the holder thereof, in whole or in part, on or prior to the last day of the Term (excluding any provisions requiring redemption upon a "change of control" or similar event; provided that such "change of control" or similar event results in the payment in full of the

Obligations), (b) are convertible into or exchangeable for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case, at any time on or prior to the last day of the Term, or (c) are entitled to receive scheduled dividends or distributions in cash prior to the time that the Obligations are paid in full.

"Document" shall have the meaning given to the term "document" in the Uniform Commercial Code.

"Dollar" and the sign "$" shall mean lawful money of the United States of America.

"Domestic Rate Loan" shall mean any Advance that bears interest based upon the Alternate Base Rate.

"Drawing Date" shall have the meaning set forth in Section 2.14(b) hereof.

"Early Termination Date" shall have the meaning set forth in Section 13.1 hereof.

"EBITDA" shall mean for any period with respect to Borrowers on a Consolidated Basis, the sum of (a) net income (or loss) for such period (excluding extraordinary gains and losses), plus (b) all interest expense for such period, plus (c) all charges against income for such period for federal, state and local taxes, plus (d) depreciation expenses for such period, plus (e) amortization expenses for such period, plus (f) all charges against income for such period for non-cash compensation, plus (g) all non-cash charges against income for such period in connection with the sale of assets otherwise permitted under this Agreement (other than a write- down of inventory); provided, that, each add-back to EBITDA included in subclauses (b) through (g) shall only be added back to the extent deducted in the calculation of net income.

"Effective Date" means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

"Eligible Contract Participant" shall mean an "eligible contract participant" as defined in the CEA and regulations thereunder.

"Eligibility Date" shall mean, with respect to each Borrower and Guarantor and each Swap, the date on which this Agreement or any Other Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effective Date of such Swap if this Agreement or any Other Document is then in effect with respect to such Borrower or Guarantor, and otherwise it shall be the Effective Date of this Agreement and/or such Other Document(s) to which such Borrower or Guarantor is a party).

"Eligible Insured Foreign Receivable or Receivables" shall mean Receivables that meet the requirements of Eligible Receivables, except clause (f) of such definition, provided that such Receivables are credit insured (the insurance carrier, amount and terms of such insurance shall be reasonably acceptable to Agent and shall name Agent as beneficiary or loss payee, as applicable).

"Eligible Inventory" shall mean and include Inventory, excluding work in process, valued at the lower of cost or market value, determined on a first-in-first-out basis, which is not, in Agent's opinion, obsolete, slow moving or unmerchantable and which Agent, in its reasonable discretion, shall not deem ineligible Inventory, based on such considerations as Agent may from time to time reasonably deem appropriate including whether the Inventory is subject to a perfected, first priority security interest in favor of Agent and no other Lien (other than a Permitted Encumbrance). In addition, Inventory shall not be Eligible Inventory if it: (a) does not conform to all standards imposed by any Governmental Body which has regulatory authority over such goods or the use or sale thereof; (b) is Foreign In-Transit Inventory or in-transit within the United States; (c) is located outside the continental United States or at a location that is not otherwise in compliance with this Agreement; (d) constitutes Consigned Inventory; (e) is the subject of an Intellectual Property Claim; (f) is subject to a License Agreement that limits, conditions or restricts the applicable Borrower's or Agent's right to sell or otherwise dispose of such Inventory, unless Agent is a party to a Licensor/Agent Agreement with the Licensor under such License Agreement (or Agent shall agree otherwise in its reasonable discretion after establishing reserves against the Formula Amount with respect thereto as Agent shall deem appropriate in its reasonable discretion); (g) is situated at a location not owned by a Borrower unless the owner or occupier of such location has executed in favor of Agent a Lien Waiver Agreement (or Agent shall agree otherwise in its reasonable discretion after establishing reserves against the Formula Amount with respect thereto as Agent shall deem appropriate in its reasonable discretion); or (h) or if the sale of such Inventory would result in an ineligible Receivable.

"Eligible Receivables" shall mean and include, each Receivable of a Borrower arising in the Ordinary Course of Business and which Agent, in its reasonable credit judgment, shall deem to be an Eligible Receivable, based on such considerations as Agent may from time to time reasonably deem appropriate. A Receivable shall not be deemed eligible unless such Receivable is subject to Agent's first priority perfected security interest and no other Lien (other than Permitted Encumbrances), and is evidenced by an invoice or other documentary evidence satisfactory to Agent. In addition, no Receivable shall be an Eligible Receivable if:

(a) it arises out of a sale made by any Borrower to an Affiliate of any Borrower or to a Person controlled by an Affiliate of any Borrower;

(b) it is due or unpaid more than ninety (90) days after the original invoice date or sixty (60) days after the original due date;

(c) it is due from a Customer with respect to which twenty-five percent (25%) or more of the Receivables from such Customer are not deemed Eligible Receivables hereunder. Such percentage may, in Agent's reasonable discretion, be increased or decreased from time to time;

(d) any covenant, representation or warranty contained in this Agreement with respect to such Receivable has been breached;

(e) it is due from a Customer with respect to which an Insolvency Event shall have occurred;

(f) the sale is to a Customer outside the continental United States of America or is to a Customer in a province of Canada that has not adopted the Personal Property Security Act of Canada, unless the sale giving rise thereto is on letter of credit, guaranty or acceptance terms, in each case acceptable to Agent in its reasonable discretion or such Receivable constitutes an Eligible Insured Foreign Receivable;

(g) the sale to the Customer is on a bill-and-hold, guaranteed sale, sale-and- return, sale on approval, consignment or any other repurchase or return basis or is evidenced by chattel paper;

(h) Agent believes, in its reasonable judgment, that collection of such Receivable is insecure or that such Receivable may not be paid by reason of the Customer's financial inability to pay;

(i) it is due from a Customer which is the United States of America, any state or any department, agency or instrumentality of any of them, unless the applicable Borrower assigns its right to payment of such Receivable to Agent pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. Sub-Section 3727 et seq. and 41 U.S.C. Sub-Section 15 et seq.) or has otherwise complied with other applicable statutes or ordinances;

(j) the goods giving rise to such Receivable have not been delivered to and accepted by the Customer or the services giving rise to such Receivable have not been performed by the applicable Borrower and accepted by the Customer or the Receivable otherwise does not represent a final sale;

(k) the Receivables of the Customer exceed a credit limit determined by Agent, in its reasonable discretion, to the extent such Receivable exceeds such limit;

(l) the Receivable is subject to any offset, deduction, defense, dispute, credits or counterclaim (but such Receivable shall only be ineligible to the extent of such offset, deduction, defense or counterclaim), the Customer is also a creditor or supplier of a Borrower or the Receivable is contingent in any respect or for any reason;

(m) the applicable Borrower has made any agreement with any Customer for any deduction therefrom, except for discounts or allowances made in the Ordinary Course of Business for prompt payment, all of which discounts or allowances are reflected in the calculation of the face value of each respective invoice related thereto;

(n) any return, rejection or repossession of the merchandise the sale of which gave rise to such Receivable has occurred or the rendition of services giving rise to such Receivable has been disputed;

(o) such Receivable is not payable to a Borrower; or

(p) such Receivable is not otherwise satisfactory to Agent as determined in good faith by Agent in the exercise of its discretion in a reasonable manner.

"Environmental Complaint" shall have the meaning set forth in Section 9.3(b) hereof.

"Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes as well as common laws, relating to the protection of the environment, human health and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Materials and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state, international and local governmental agencies and authorities with respect thereto.

"Equipment Facility Fee" shall have the meaning set forth in Section 3.3(c) hereof.

"Equipment Loan Commitment" shall mean, as to any Lender, the obligation of such Lender (if applicable), which obligation is subject to all the terms and conditions of this Agreement and the Other Documents, to make Equipment Loans in an aggregate principal amount not to exceed the Equipment Loan Commitment Amount (if any) of such Lender.

"Equipment Loan Commitment Amount" shall mean, as to any Lender, the equipment loan commitment amount (if any) set forth below such Lender's name on the signature page hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the equipment loan commitment amount (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement), as the same may be adjusted upon any assignment by or to such Lender pursuant to Section 16.3(c) or (d) hereof.

"Equipment Loan Commitment Percentage" shall mean, as to any Lender, the Equipment Loan Commitment Percentage (if any) set forth below such Lender's name on the signature page hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the Equipment Loan Commitment Percentage (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement), as the same may be adjusted upon any assignment by or to such Lender pursuant to Section 16.3(c) or (d) hereof.

"Equipment Loans" shall have the meaning set forth in Section 2.3(b) hereof.

"Equipment Note" shall mean, collectively, the promissory notes referred to in Section 2.3(b) hereof.

"Equity Interests" shall mean, with respect to any Person, any and all shares, rights to purchase, options, warrants, general, limited or limited liability partnership interests, member interests, participation or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act), including in each case all of the following rights relating to such Equity Interests, whether arising under the Organizational Documents of the Person issuing such Equity Interests (the "issuer") or under the applicable laws of such issuer's jurisdiction of organization relating to the formation, existence and governance of corporations, limited liability companies or partnerships or business trusts or other legal entities, as the case may be: (i) all economic rights (including all rights to receive dividends and distributions) relating to such Equity Interests; (ii) all voting rights and rights to

consent to any particular action(s) by the applicable issuer; (iii) all management rights with respect to such issuer; (iv) in the case of any Equity Interests consisting of a general partner interest in a partnership, all powers and rights as a general partner with respect to the management, operations and control of the business and affairs of the applicable issuer; (v) in the case of any Equity Interests consisting of the membership/limited liability company interests of a managing member in a limited liability company, all powers and rights as a managing member with respect to the management, operations and control of the business and affairs of the applicable issuer; (vi) all rights to designate or appoint or vote for or remove any officers, directors, manager(s), general partner(s) or managing member(s) of such issuer and/or any members of any board of members/managers/partners/directors that may at any time have any rights to manage and direct the business and affairs of the applicable issuer under its Organizational Documents as in effect from time to time or under Applicable Law; (vii) all rights to amend the Organizational Documents of such issuer, (viii) in the case of any Equity Interests in a partnership or limited liability company, the status of the holder of such Equity Interests as a "partner", general or limited, or "member" (as applicable) under the applicable Organizational Documents and/or Applicable Law; and (ix) all certificates evidencing such Equity Interests.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time and the rules and regulations promulgated thereunder.

"Event of Default" shall have the meaning set forth in Article X hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Excluded Hedge Liability or Liabilities" shall mean, with respect to each Borrower and Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any Other Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Borrower's and/or Guarantor's failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any Other Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Borrower or Guarantor for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Borrower or Guarantor executing this Agreement or the Other Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

"Excluded Taxes" shall mean, with respect to Agent, any Lender, Participant, Swing Loan Lender, Issuer or any other recipient of any payment to be made by or on account of any Obligations, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office or applicable lending office is located or, in the case of any Lender, Participant, Swing Loan Lender or Issuer, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Borrower is located, (c) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.10(e), except to the extent that such Foreign Lender or Participant (or its assignor or seller of a participation, if any) was entitled, at the time of designation of a new lending office (or assignment or sale of a participation), to receive additional amounts from Borrowers with respect to such withholding tax pursuant to Section 3.10(a), or (d) any Taxes imposed on any "withholding payment" payable to such recipient as a result of the failure of such recipient to satisfy the requirements set forth in the FATCA after December 31, 2012.

"Facility Fee" shall have the meaning set forth in Section 3.3(b) hereof.

"Farm Products" shall mean all agricultural, livestock, poultry, seafood, milk, dairy, eggs, or other products sold to any Borrower by a Farm Products Seller, and all proceeds and products thereof, including without limitation (1) "farm products" as such term is defined in the Food Security Act and the UCC, (2) "meats", "meat food products", "livestock", "livestock products", "poultry" and "poultry products" as such terms are defined in the PSA, and (3) "perishable agricultural commodities", as such term is defined in PACA.

"Farm Products Sellers" or "Farm Products Seller" shall mean, collectively, any seller, supplier, or other Person that (a) is, or as determined by Agent in the exercise of its reasonable discretion, could be, afforded the benefit of any Lien or trust upon any agricultural, livestock, poultry, seafood milk, dairy, eggs, or other products sold to any Borrower, directly or indirectly, and/or any proceeds of such products, under any Sellers' Lien Laws or (b) sells eggs to any Borrower for re-sale in the Ordinary Course of Business who is not afforded the benefit of any Lien or trust upon the eggs sold to such Borrower, directly or indirectly, and/or any proceeds of such eggs, under any Sellers' Lien Laws.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations thereunder or official interpretations thereof.

"Federal Funds Effective Rate" shall mean for any day the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%)

announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

"Federal Funds Open Rate" shall mean for any day the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by PNC (an "Alternate Source") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by PNC at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day. If and when the Federal Funds Open Rate changes, the rate of interest with respect to any advance to which the Federal Funds Open Rate applies will change automatically without notice to Borrowers, effective on the date of any such change.

"First Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"First Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Fixed Charge Coverage Ratio" shall mean, with respect to any fiscal period, the ratio of (a) EBITDA, minus Unfunded Capital Expenditures made during such period, minus distributions (including tax distributions) and dividends made during such period, minus cash taxes paid during such period, plus payments to Farm Products Sellers made by Borrowers during such period in an amount equal to the lesser of (i) $2,000,000 or (ii) 25% of EBITDA for such period to (b) all Debt Payments during such period; provided that, for the purpose of calculating such ratio for purposes of Section 6.5(a), (w) each component of such ratio shall be multiplied by four (4) for the three (3) month period ending December 31, 2017, (x) each component of such ratio shall be multiplied by two (2) for the period beginning on October 1, 2017 and ending on March 25, 2018, (y) each component of such ratio shall be multiplied by four-thirds (4/3) for the period beginning on October 1, 2017 and ending on July 15, 2018, and (z) each component of such ratio shall be measured on a rolling four (4) quarter basis for the period beginning on October 1, 2017 and ending on October 7, 2018 and each fiscal quarter thereafter.

"Flood Laws" shall mean all Applicable Laws relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and other Applicable Laws related thereto.

"Foreign Currency Hedge" shall mean any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements, currency exchange rate price hedging arrangements, and any other similar transaction providing for the purchase of one currency in exchange for the sale of another currency entered into by any Borrower, Guarantor and/or any of their respective Subsidiaries.

"Foreign Currency Hedge Liabilities" shall have the meaning assigned in the definition of Lender-Provided Foreign Currency Hedge.

"Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which Borrowers are resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" shall mean any Subsidiary of any Person that is not organized or incorporated in the United States, any State or territory thereof or the District of Columbia.

"Formula Amount" shall have the meaning set forth in Section 2.1(a) hereof.

"Funded Debt" shall mean, with respect to any Person, without duplication, all Indebtedness for borrowed money evidenced by notes, bonds, debentures, or similar evidences of Indebtedness that by its terms matures more than one year from, or is directly or indirectly renewable or extendible at such Person's option under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year from the date of creation thereof, and specifically including Capitalized Lease Obligations, current maturities of long-term debt, revolving credit and short term debt extendible beyond one year at the option of the debtor, and also including, in the case of Borrowers, the Obligations and, without duplication, Indebtedness consisting of guaranties of Funded Debt of other Persons; provided however that for purposes of determining the amount of Funded Debt with respect to the Obligations, the amount of Funded Debt shall be equal to the sum of (i) the outstanding Term Loan and Equipment Loans as of the date of determination, plus (ii) the quotient of (A) the sum of the outstanding Revolving Advances, Swing Loans and the Maximum Undrawn Amount of all outstanding Letters of Credit for each day of the most recently ended fiscal quarter, divided by (B) the number of such days in such fiscal quarter.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Acts" shall mean any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Body.

"Governmental Body" shall mean any nation or government, any state or other political subdivision thereof or any entity, authority, agency, division or department exercising the executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to a government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Guarantor" shall mean any Person who may hereafter guarantee payment or performance of the whole or any part of the Obligations and "Guarantors" means collectively all such Persons.

"Guarantor Security Agreement" shall mean any security agreement executed by any Guarantor in favor of Agent securing the Obligations or the Guaranty of such Guarantor, in form and substance satisfactory to Agent.

"Guaranty" shall mean any guaranty of the Obligations executed by a Guarantor in favor of Agent for its benefit and for the ratable benefit of Lenders, in form and substance satisfactory to Agent.

"Handsome Farm Claim" shall mean any and all tort claims, actions, rights, recoveries and proceeds of any Borrower arising out of, or related to, the false advertising of non-pasture raised eggs by Handsome Brook Farm, LLC and Handsome Brook Farm Group 2 LLC, including without limitation, those certain claims against Handsome Brook Farm, LLC and Handsome Brook Farm Group 2 LLC identified in Complaint – Case No.: 3:16-cv-1421 filed in the United States District Court for the Northern District of New York.

"Hazardous Discharge" shall have the meaning set forth in Section 9.3(b) hereof.

"Hazardous Materials" shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, Hazardous Wastes, hazardous or Toxic Substances or related materials as defined in or subject to regulation under Environmental Laws.

"Hazardous Wastes" shall mean all waste materials subject to regulation under CERCLA, RCRA or applicable state law, and any other applicable Federal and state laws now in force or hereafter enacted relating to hazardous waste disposal.

"Hedge Liabilities" shall mean collectively, the Foreign Currency Hedge Liabilities and the Interest Rate Hedge Liabilities.

"Increased Tax Burden" shall mean the additional federal, state or local taxes assumed to be payable by a shareholder or member of any Borrower as a result of such Borrower's status as a limited liability company, subchapter S corporation or any other entity that is disregarded for federal and state income tax purposes (as applicable) but only so long as such Borrower has

elected to be treated as a pass though entity for federal and state income tax purposes and such election has not been rescinded or withdrawn, as evidenced and substantiated by the tax returns filed by such Borrower (as applicable), with such taxes being calculated for all members or shareholders, as applicable, at the highest marginal rate applicable to any member or shareholder, as applicable.

"Indebtedness" shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (a) borrowed money; (b) amounts received under or liabilities in respect of any note purchase or acceptance credit facility, and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all Capitalized Lease Obligations; (d) reimbursement obligations (contingent or otherwise) under any letter of credit agreement, banker's acceptance agreement or similar arrangement; (e) obligations under any Interest Rate Hedge, Foreign Currency Hedge, or other interest rate management device, foreign currency exchange agreement, currency swap agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement; (f) any other advances of credit made to or on behalf of such Person or other transaction (including forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements including to finance the purchase price of property or services and all obligations of such Person to pay the deferred purchase price of property or services (but not including trade payables and accrued expenses incurred in the Ordinary Course of Business which are not represented by a promissory note or other evidence of indebtedness and which are not more than thirty (30) days past due); (g) all Equity Interests of such Person subject to repurchase or redemption rights or obligations (excluding repurchases or redemptions at the sole option of such Person); (h) all indebtedness, obligations or liabilities secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are otherwise an obligation of such Person; (i) all obligations of such Person for "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts; (j) off-balance sheet liabilities and/or pension plan liabilities of such Person; (k) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business; and (l) any guaranty of any indebtedness, obligations or liabilities of a type described in the foregoing clauses (a) through (k), provided that Charge-Back obligations will not be considered Indebtedness for purposes of this Agreement.

"Indemnified Taxes" shall mean Taxes other than Excluded Taxes.

"Ineligible Security" shall mean any security which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. Section 24, Seventh), as amended.

"Insolvency Event" shall mean, with respect to any Person, including without limitation any Lender, such Person or such Person's direct or indirect parent company (a) becomes the subject of a bankruptcy or insolvency proceeding (including any proceeding under Title 11 of the

United States Code), or regulatory restrictions, (b) has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they become due or ceases operations of its present business, (d) with respect to a Lender, such Lender is unable to perform hereunder due to the application of Applicable Law, or (e) in the good faith determination of Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment of a type described in clauses (a) or (b), provided that an Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by a Governmental Body or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Intellectual Property" shall mean property constituting a patent, copyright, trademark (or any application in respect of the foregoing), service mark, copyright, copyright application, trade name, mask work, trade secrets, design right, assumed name or license or other right to use any of the foregoing under Applicable Law.

"Intellectual Property Claim" shall mean the assertion, by any means, by any Person of a claim that any Borrower's ownership, use, marketing, sale or distribution of any Inventory, equipment, Intellectual Property or other property or asset is violative of any ownership of or right to use any Intellectual Property of such Person.

"Interest Expense" means, for any period, the aggregate of the interest expense of Borrowers for such period, determined on a consolidated basis in accordance with GAAP.

"Interest Period" shall mean the period provided for any LIBOR Rate Loan pursuant to Section 2.2(b) hereof.

"Interest Rate Hedge" shall mean an interest rate exchange, collar, cap, swap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or similar agreements entered into by any Borrower, Guarantor and/or their respective Subsidiaries in order to provide protection to, or minimize the impact upon, such Borrower, any Guarantor and/or their respective Subsidiaries of increasing floating rates of interest applicable to Indebtedness.

"Interest Rate Hedge Liabilities" shall have the meaning assigned in the definition of Lender-Provided Interest Rate Hedge.

"Inventory" shall mean and include as to each Borrower (a) all of such Borrower's inventory (as defined in Article 9 of the Uniform Commercial Code), (b) all of such Borrower's goods, merchandise and other personal property, wherever located, to be furnished under any consignment arrangement, contract of service or held for sale or lease, (c) all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are

or might be used or consumed in such Borrower's business or used in selling or furnishing such goods, merchandise and other personal property, (d) all Documents and (e) notwithstanding the exclusion of "farm products" from the definition of "inventory" under Article 9 of the Uniform Commercial Code, all eggs in any Borrower's possession prior to re-sale to any of Borrowers' Customers, including without limitation, Nest-Run Eggs.

"Inventory Advance Rate" shall have the meaning set forth in Section 2.1(a)(y)(ii) hereof.

"Issuer" shall mean (i) Agent in its capacity as the issuer of Letters of Credit under this Agreement and (ii) any other Person which Agent in its discretion shall designate as the issuer of and cause to issue any particular Letter of Credit under this Agreement in place of Agent as issuer.

"Key Man Policy" shall mean collectively, that certain life insurance policy (i) insuring the life of Matthew O'Hayer and (ii) insuring the life of Russell Diez-Canseco in the collective amount of $1,500,000, each as modified from time to time.

"Law(s)" shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Body, foreign or domestic.

"Lender" and "Lenders" shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of any Lender. For the purpose of provision of this Agreement or any Other Document which provides for the granting of a security interest or other Lien to the Agent for the benefit of Lenders as security for the Obligations, "Lenders" shall include any Affiliate of a Lender to which such Obligation (specifically including any Hedge Liabilities and any Cash Management Liabilities) is owed.

"Lender-Provided Foreign Currency Hedge" shall mean a Foreign Currency Hedge which is provided by any Lender and for which such Lender confirms to Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swap Dealers Association, Inc. Master Agreement or another reasonable and customary manner; (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner; and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender-Provided Foreign Currency Hedge (the "Foreign Currency Hedge Liabilities") by any Borrower, Guarantor, or any of their respective Subsidiaries that is party to such Lender-Provided Foreign Currency Hedge shall, for purposes of this Agreement and all Other Documents be "Obligations" of such Person and of each other Borrower and Guarantor, be guaranteed obligations under any Guaranty and secured obligations under any Guarantor Security Agreement, as applicable, and otherwise treated as Obligations for purposes of the Other Documents, except to the extent constituting Excluded Hedge Liabilities of such Person. The Liens securing the Foreign Currency Hedge Liabilities shall be pari passu with the Liens securing all other Obligations under this Agreement and the Other Documents, subject to the express provisions of Section 11.5 hereof.

"Lender-Provided Interest Rate Hedge" shall mean an Interest Rate Hedge which is provided by any Lender and with respect to which such Lender confirms to Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swap Dealers Association, Inc. Master Agreement or another reasonable and customary manner; (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner; and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender-Provided Interest Rate Hedge (the "Interest Rate Hedge Liabilities") by any Borrower, Guarantor, or any of their respective Subsidiaries that is party to such Lender-Provided Interest Rate Hedge shall, for purposes of this Agreement and all Other Documents be "Obligations" of such Person and of each other Borrower and Guarantor, be guaranteed obligations under any Guaranty and secured obligations under any Guarantor Security Agreement, as applicable, and otherwise treated as Obligations for purposes of the Other Documents, except to the extent constituting Excluded Hedge Liabilities of such Person. The Liens securing the Hedge Liabilities shall be pari passu with the Liens securing all other Obligations under this Agreement and the Other Documents, subject to the express provisions of Section 11.5 hereof.

"Letter of Credit Application" shall have the meaning set forth in Section 2.12(a) hereof.

"Letter of Credit Borrowing" shall have the meaning set forth in Section 2.14(d) hereof.

"Letter of Credit Fees" shall have the meaning set forth in Section 3.2 hereof

"Letter of Credit Sublimit" shall mean $2,000,000.

"Letters of Credit" shall have the meaning set forth in Section 2.11 hereof.

"LIBOR Alternate Source" shall have the meaning set forth in the definition of LIBOR Rate.

"LIBOR Rate" shall mean for any LIBOR Rate Loan for the then current Interest Period relating thereto, the interest rate per annum determined by Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (a) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source reasonably selected by Agent as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (a "LIBOR Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such LIBOR Rate Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate reasonably determined by Agent at such time (which determination shall be conclusive absent manifest error)), by (b) a number equal to 1.00 minus the Reserve Percentage; provided, however, that if the LIBOR Rate determined as provided above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

The LIBOR Rate shall be adjusted with respect to any LIBOR Rate Loan that is outstanding on the effective date of any change in the Reserve Percentage as of such effective date. Agent shall give reasonably prompt notice to the Borrowing Agent of the LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"LIBOR Rate Loan" shall mean any Advance that bears interest based on the LIBOR Rate.

"License Agreement" shall mean any agreement between any Borrower and a Licensor pursuant to which such Borrower is authorized to use any Intellectual Property in connection with the manufacturing, marketing, sale or other distribution of any Inventory of such Borrower or otherwise in connection with such Borrower's business operations.

"Licensor" shall mean any Person from whom any Borrower obtains the right to use (whether on an exclusive or non-exclusive basis) any Intellectual Property in connection with such Borrower's manufacture, marketing, sale or other distribution of any Inventory or otherwise in connection with such Borrower's business operations.

"Licensor/Agent Agreement" shall mean an agreement between Agent and a Licensor, in form and substance satisfactory to Agent, by which Agent is given the unqualified right, vis-à-vis such Licensor, to enforce Agent's Liens with respect to and to dispose of any Borrower's Inventory with the benefit of any Intellectual Property applicable thereto, irrespective of such Borrower's default under any License Agreement with such Licensor.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), Charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held or asserted in respect of any asset of any kind or nature whatsoever including any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

"Lien Waiver Agreement" shall mean an agreement which is executed in favor of Agent by a Person who owns or occupies premises at which any Collateral may be located from time to time in form and substance satisfactory to Agent.

"Material Adverse Effect" shall mean a material adverse effect on (a) the condition (financial or otherwise), results of operations, assets, business, properties or prospects of Borrowers on a Consolidated Basis, (b) Borrowers on a Consolidated Basis' ability to duly and punctually pay or perform the Obligations in accordance with the terms thereof, (c) the value of the Collateral, or Agent's Liens on the Collateral or the priority of any such Lien or (d) the practical realization of the benefits of Agent's and each Lender's rights and remedies under this Agreement and the Other Documents.

"Material Contract" shall mean any contract, agreement, instrument, permit, lease or license, written or oral, of any Borrower, which is material to any Borrower's business or which the failure to comply with could reasonably be expected to result in a Material Adverse Effect.

"Maximum Equipment Loan Amount" shall mean $1,500,000.

"Maximum Loan Amount" shall mean $16,200,000.

"Maximum Swing Loan Advance Amount" shall mean $0.

"Maximum Revolving Advance Amount" shall mean $10,000,000.

"Maximum Undrawn Amount" shall mean, with respect to any outstanding Letter of Credit as of any date, the amount of such Letter of Credit that is or may become available to be drawn, including all automatic increases provided for in such Letter of Credit, whether or not any such automatic increase has become effective.

"Modified Commitment Transfer Supplement" shall have the meaning set forth in Section 16.3(d) hereof.

"Mortgage" shall mean the mortgage on the Real Property securing the Obligations.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA to which contributions are required or, within the preceding five plan years, were required by any Borrower or any member of the Controlled Group.

"Multiple Employer Plan" shall mean a Plan which has two or more contributing sponsors (including any Borrower or any member of the Controlled Group) at least two of whom are not under common control, as such a plan is described in Section 4063 or 4064 of ERISA.

"Negotiable Document" shall mean a Document that is "negotiable" within the meaning of Article 7 of the Uniform Commercial Code.

"Nest-Run Eggs" shall mean eggs acquired by a Borrower for re-sale, which eggs are packed without having been washed, sized and candled for quality, with the exception that some checks, dirties or other obvious undergrades may have been removed.

"Net Invoice Cost" shall mean, with respect to Equipment, the net invoice cost of such Equipment (excluding taxes, shipping, delivery, handling, installation, overhead and other so called "soft" costs).

"Non-Defaulting Lender" shall mean, at any time, any Lender holding a Revolving Commitment that is not a Defaulting Lender at such time.

"Non-Qualifying Party" shall mean any Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Notes" shall mean collectively, the Term Note, the Equipment Note, the Revolving Credit Note, and the Swing Loan Note.

"Obligations" shall mean and include any and all loans (including without limitation, all Advances and Swing Loans), advances, debts, liabilities, obligations (including without limitation all reimbursement obligations and cash collateralization obligations with respect to Letters of Credit issued hereunder), covenants and duties owing by any Borrower, any Guarantor, or any Subsidiary of any Borrower or any Guarantor to Issuer, Swing Loan Lender, Lenders or Agent (or to any other direct or indirect subsidiary or affiliate of Issuer, Swing Loan Lender, any Lender or Agent) of any kind or nature, present or future (including any interest or other amounts accruing thereon, any fees accruing under or in connection therewith, any costs and expenses of any Person payable by any Borrower and any indemnification obligations payable by any Borrower arising or payable after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to any Borrower, whether or not a claim for post-filing or post-petition interest, fees or other amounts is allowable or allowed in such proceeding), whether or not evidenced by any note, guaranty or other instrument, whether arising under any agreement, instrument or document (including this Agreement, the Other Documents, Lender-Provided Interest Rate Hedges, Lender-Provided Foreign Currency Hedges and any Cash Management Products and Services) whether or not for the payment of money, whether arising by reason of an extension of credit, opening or issuance of a letter of credit, loan, equipment lease, establishment of any commercial card or similar facility or guarantee, under any interest or currency swap, future, option or other similar agreement, or in any other manner, whether arising out of overdrafts or deposit or other accounts or electronic funds transfers (whether through automated clearing houses or otherwise) or out of Agent's or any Lender's non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or by what agreement or instrument they may be evidenced or whether evidenced by any agreement or instrument, including, but not limited to, (i) any and all of any Borrower's or any Guarantor's Indebtedness and/or liabilities (and any and all indebtedness, obligations and/or liabilities of any Subsidiary of any Borrower or any Guarantor) under this Agreement, the Other Documents or under any other agreement between Issuer, Agent or Lenders and any Borrower and any amendments, extensions, renewals or increases and all costs and expenses of Issuer, Agent and any Lender incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including but not limited to reasonable attorneys' fees and expenses and all obligations of any Borrower to Issuer, Agent or Lenders to perform acts or refrain from taking any action, (ii) all Hedge Liabilities and (iii) all Cash Management Liabilities. Notwithstanding anything to the contrary contained in the foregoing, the Obligations shall not include any Excluded Hedge Liabilities.

"Ordinary Course of Business" shall mean, with respect to any Borrower, the ordinary course of such Borrower's business as conducted on the Closing Date.

"Organizational Documents" shall mean, with respect to any Person, any charter, articles or certificate of incorporation, certificate of organization, registration or formation, certificate of

partnership or limited partnership, bylaws, operating agreement, limited liability company agreement, or partnership agreement of such Person and any and all other applicable documents relating to such Person's formation, organization or entity governance matters (including any shareholders' or equity holders' agreement or voting trust agreement) and specifically includes, without limitation, any certificates of designation for preferred stock or other forms of preferred equity.

"Original Owners" shall mean each of the Persons listed in Schedule 5.22 as owning outstanding Equity Interests of the Borrowing Agent other than holders of options or warrants.

"Other Documents" shall mean the Mortgage, the Notes, the Perfection Certificates, any Guaranty, any Guarantor Security Agreement, any Pledge Agreement, the assignment of the Key Man Policy, any Lender-Provided Interest Rate Hedge, any Lender-Provided Foreign Currency Hedge, and any and all other agreements, instruments and documents, including any intercreditor agreements, guaranties, pledges, powers of attorney, consents, interest or currency swap agreements or other similar agreements and all other writings heretofore, now or hereafter executed by any Borrower or any Guarantor and/or delivered to Agent or any Lender in respect of the transactions contemplated by this Agreement, in each case together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof.

"Other Taxes" shall mean all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any Other Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Other Document.

"Out-of-Formula Loans" shall have the meaning set forth in Section 16.2(e) hereof.

"Ovabrite Line of Credit" shall mean the line of credit extended by Vital Farms to Ovabrite, Inc., as evidenced by that certain Line of Credit Note dated as of December 23, 2016, issued by Ovabrite, Inc. in favor of Vital Farms in the original principal amount of $50,000.

"Ovabrite Note Receivable" shall mean that certain Promissory Note dated as of December 23, 2016, issued by Ovabrite, Inc. in favor of Vital Farms in the original principal amount of $446,000.

"PACA" shall mean the Perishable Agricultural Commodities Act, 1930, as amended, 7 U.S.C. Section 499a *et. seq*., as the same now exists or may hereafter from time to time be amended, modified, recodified or supplemented, together with all rules and regulations thereunder.

"Parent" of any Person shall mean a corporation or other entity owning, directly or indirectly, 50% or more of the Equity Interests issued by such Person having ordinary voting power to elect a majority of the directors of such Person, or other Persons performing similar functions for any such Person.

"Participant" shall mean each Person who shall be granted the right by any Lender to participate in any of the Advances and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"Participation Advance" shall have the meaning set forth in Section 2.14(d) hereof.

"Participation Commitment" shall mean the obligation hereunder of each Lender holding a Revolving Commitment to buy a participation equal to its Revolving Commitment Percentage (subject to any reallocation pursuant to Section 2.22(b)(iii) hereof) in the Swing Loans made by Swing Loan Lender hereunder as provided for in Section 2.4(c) hereof and in the Letters of Credit issued hereunder as provided for in Section 2.14(a) hereof.

"Payment Office" shall mean initially Two Tower Center Boulevard, East Brunswick, New Jersey 08816; thereafter, such other office of Agent, if any, which it may designate by notice to Borrowing Agent and to each Lender to be the Payment Office.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

"Pension Benefit Plan" shall mean at any time any "employee pension benefit plan" as defined in Section 3(2) of ERISA (including a Multiple Employer Plan, but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412, 430 or 436 of the Code and either (i) is maintained or to which contributions are required by Borrower or any member of the Controlled Group or (ii) has at any time within the preceding five years been maintained or to which contributions have been required by a Borrower or any entity which was at such time a member of the Controlled Group.

"Perfection Certificates" shall mean, collectively, the information questionnaires and the responses thereto provided by each Borrower and delivered to Agent.

"Permitted Encumbrances" shall mean: (a) Liens in favor of Agent for the benefit of Agent and Lenders, including without limitation, Liens securing Hedge Liabilities and Cash Management Products and Services; (b) Liens for taxes, assessments or other governmental charges not delinquent or being Properly Contested; (c) deposits or pledges to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance; (d) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; (e) Liens arising by virtue of the rendition, entry or issuance against any Borrower or any Subsidiary, or any property of any Borrower or any Subsidiary, of any judgment, writ, order, or decree to the extent the rendition, entry, issuance or continued existence of such judgment, writ, order or decree (or any event or circumstance relating thereto) has not resulted in the occurrence of an Event of Default under Section 10.6 hereof; (f) carriers', repairmens', mechanics', workers', materialmen's or other like Liens arising in the Ordinary Course of Business with respect to obligations which are not due or which are being Properly Contested; (g) Liens placed upon fixed assets hereafter acquired to secure a portion of the purchase price thereof, provided that (I) any such lien shall not encumber any other property of any Borrower and (II) the aggregate amount of Indebtedness secured by such

Liens incurred as a result of such purchases during any fiscal year shall not exceed the amount permitted in Section 7.6 hereof; (h) other Liens incidental to the conduct of any Borrower's business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from Agent's or Lenders' rights in and to the Collateral or the value of any Borrower's property or assets or which do not materially impair the use thereof in the operation of any Borrower's business; (i) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other charges or encumbrances, in each case, which do not interfere in any material respect with the Ordinary Course of Business of Borrowers and their Subsidiaries; (j) any exceptions listed on Schedule B of the title insurance policies delivered to, and accepted by, Agent and Lenders under Section 8.1(d); and (k) Liens disclosed on Schedule 1.2; provided that such Liens shall secure only those obligations which they secure on the Closing Date (and extensions, renewals and refinancing of such obligations permitted by Section 7.8 hereof) and shall not subsequently apply to any other property or assets of any Borrower other than the property and assets to which they apply as of the Closing Date.

"Permitted Indebtedness" shall mean: (a) the Obligations; (b) Indebtedness incurred for Capital Expenditures permitted in Section 7.6 hereof; (c) any guarantees of Indebtedness permitted under Section 7.3 hereof; and (d) any Indebtedness listed on Schedule 5.8(b)(ii) hereof on the Closing Date.

"Permitted Investments" shall mean investments in: (a) obligations issued or guaranteed by the United States of America or any agency thereof; (b) commercial paper with maturities of not more than 180 days and a published rating of not less than A-1 or P-1 (or the equivalent rating); (c) certificates of time deposit and bankers' acceptances having maturities of not more than 180 days and repurchase agreements backed by United States government securities of a commercial bank if (i) such bank has a combined capital and surplus of at least $500,000,000, or (ii) its debt obligations, or those of a holding company of which it is a Subsidiary, are rated not less than A (or the equivalent rating) by a nationally recognized investment rating agency; (d) U.S. money market funds that invest solely in obligations issued or guaranteed by the United States of America or an agency thereof; and (e) Permitted Loans.

"Permitted Loans" shall mean: (a) the extension of trade credit by a Borrower to its Customer(s), in the Ordinary Course of Business in connection with a sale of Inventory or rendition of services, in each case on open account terms, (b) loans to employees in the Ordinary Course of Business not to exceed as to all such loans the aggregate amount of $50,000 at any time outstanding, (c) the Ovabrite Note Receivable, (d) the Ovabrite Line of Credit so long as the aggregate amount outstanding does not exceed $50,000, and (e) loans to Farm Product Sellers in the Ordinary Course of Business not to exceed as to all such loans the aggregate amount of $250,000 at any time outstanding.

"Person" shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, limited liability partnership, institution, public benefit corporation, joint venture, entity or Governmental Body (whether federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

"Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Benefit Plan and a Multiemployer Plan, as defined herein) maintained by any Borrower or any member of the Controlled Group or to which any Borrower or any member of the Controlled Group is required to contribute.

"Pledge Agreement" shall mean that certain Collateral Pledge Agreement executed by Vital Farms in favor of Agent dated as of the Closing Date and any other pledge agreements executed subsequent to the Closing Date by any other Person to secure the Obligations.

"PNC" shall have the meaning set forth in the preamble to this Agreement and shall extend to all of its successors and assigns.

"Pro Forma Balance Sheet" shall have the meaning set forth in Section 5.5(a) hereof.

"Pro Forma Financial Statements" shall have the meaning set forth in Section 5.5(b) hereof.

"Projections" shall have the meaning set forth in Section 5.5(b) hereof.

"Properly Contested" shall mean, in the case of any Indebtedness, Lien or Taxes, as applicable, of any Person that are not paid as and when due or payable by reason of such Person's bona fide dispute concerning its liability to pay the same or concerning the amount thereof: (a) such Indebtedness, Lien or Taxes, as applicable, are being properly contested in good faith by appropriate proceedings promptly instituted and diligently conducted; (b) such Person has established appropriate reserves as shall be required in conformity with GAAP; (c) the non- payment of such Indebtedness or Taxes will not have a Material Adverse Effect or will not result in the forfeiture of any assets of such Person; (d) no Lien is imposed upon any of such Person's assets with respect to such Indebtedness or taxes unless such Lien (x) does not attach to any Receivables or Inventory, (y) is at all times junior and subordinate in priority to the Liens in favor of the Agent (except only with respect to property Taxes that have priority as a matter of applicable state law) and, (z) enforcement of such Lien is stayed during the period prior to the final resolution or disposition of such dispute; and (e) if such Indebtedness or Lien, as applicable, results from, or is determined by the entry, rendition or issuance against a Person or any of its assets of a judgment, writ, order or decree, enforcement of such judgment, writ, order or decree is stayed pending a timely appeal or other judicial review.

"Protective Advances" shall have the meaning set forth in Section 16.2(f) hereof.

"PSA" shall mean the Packers and Stockyard Act of 1921, 7 U.S.C. Section 181 et. seq., as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

"Published Rate" shall mean the rate of interest published each Business Day in the Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the LIBOR Rate for a one month period as published in another publication selected by the Agent).

"Purchasing CLO" shall have the meaning set forth in Section 16.3(d) hereof.

"Purchasing Lender" shall have the meaning set forth in Section 16.3(c) hereof.

"Qualified ECP Loan Party" shall mean each Borrower or Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding $10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

"RCRA" shall mean the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as same may be amended from time to time.

"Real Property" shall mean all of the owned and leased premises identified on Schedule 4.4 hereto or in and to any other premises or real property that are hereafter owned or leased by any Borrower.

"Receivables" shall mean and include, as to each Borrower, all of such Borrower's accounts (as defined in Article 9 of the Uniform Commercial Code) and all of such Borrower's contract rights, instruments (including those evidencing indebtedness owed to such Borrower by its Affiliates), documents, chattel paper (including electronic chattel paper), general intangibles relating to accounts, contract rights, instruments, documents and chattel paper, and drafts and acceptances, credit card receivables and all other forms of obligations owing to such Borrower arising out of or in connection with the sale or lease of Inventory or the rendition of services, all supporting obligations, guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

"Receivables Advance Rate" shall have the meaning set forth in Section 2.1(a)(y)(i) hereof.

"Register" shall have the meaning set forth in Section 16.3(e) hereof.

"Reimbursement Obligation" shall have the meaning set forth in Section 2.14(b) hereof.

"Release" shall have the meaning set forth in Section 5.7(c)(i) hereof.

"Reportable Compliance Event" shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

"Reportable ERISA Event" shall mean a reportable event described in Section 4043 of ERISA or the regulations promulgated thereunder, other than an event for which the 30-day notice period is waived.

"Required Lenders" shall mean Lenders (not including Swing Loan Lender (in its capacity as such Swing Loan Lender) or any Defaulting Lender) holding at least sixty-six and two thirds percent (66⅔%) of either (a) the aggregate of (x) the Revolving Commitment Amounts of all Lenders (excluding any Defaulting Lender), (y) outstanding principal amount of the Term Loan and (z) the outstanding principal amount of the Equipment Loans and (if applicable) the undrawn but available Equipment Loan Commitment Amounts of all Lenders (excluding any Defaulting Lender), or (b) after the termination of all commitments of Lenders hereunder, the sum of (x) the outstanding Revolving Advances, Swing Loans, Term Loans and Equipment Loans, plus the Maximum Undrawn Amount of all outstanding Letters of Credit; provided, however, if there are fewer than three (3) Lenders, Required Lenders shall mean all Lenders (excluding any Defaulting Lender).

"Reserve Percentage" shall mean as of any day the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities".

"Reserves" shall mean as of any date of determination, such amounts as Agent may from time to time establish and revise in its reasonable discretion reducing the Formula Amount which would otherwise be available to Borrowers under the lending formula(s) provided for herein: (a) to reflect events, conditions, contingencies or risks which, as determined by Agent in its reasonable discretion, adversely affect, would or could have a reasonable likelihood of adversely affecting, either (1) the Collateral, its value or the amount that might be received by Agent from the sale or other disposition or realization upon such Collateral, (2) the assets, business or condition (financial or otherwise) of any Borrower, (3) the security interests and other rights of Agent in the Collateral (including the enforceability, perfection and priority thereof), (4) any Borrower's ability to perform hereunder or under the Other Documents or (5) Agent's or Lenders' ability to enforce their rights under this Agreement and the Other Documents, (b) to ensure any Borrower's ability to satisfy any payment obligation for which it is liable, (c) to reflect Agent's good faith belief that any collateral report or financial information furnished by or on behalf of any of the Borrowers to Agent is or may have been incomplete, inaccurate or misleading in any material respect, (d) in respect of any state of facts which Agent determines in good faith constitutes or could reasonably be expected to result in a Default or an Event of Default, (e) reserves in respect of any Sellers' Liens Laws or (f) reserves in respect to of Borrower's liabilities with respect to any lease of Real Property at a location for which a Lien Waiver Agreement has not been obtained, and any other reserves specifically provided for in this Agreement. The amount of any Reserve established by Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such Reserve as determined by Agent in its reasonable discretion.

"Revolving Advances" shall mean Advances other than Letters of Credit, Equipment Loans, the Term Loan, and the Swing Loans.

"Revolving Commitment" shall mean, as to any Lender, the obligation of such Lender (if applicable), to make Revolving Advances and participate in Swing Loans and Letters of Credit, in an aggregate principal and/or face amount not to exceed the Revolving Commitment Amount (if any) of such Lender.

"Revolving Commitment Amount" shall mean, as to any Lender, the Revolving Commitment amount (if any) set forth below such Lender's name on the signature page hereto (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the Revolving Commitment amount (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement).

"Revolving Commitment Percentage" shall mean, as to any Lender, the Revolving Commitment Percentage (if any) set forth below such Lender's name on the signature page hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the Revolving Commitment Percentage (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement).

"Revolving Credit Note" shall mean, collectively, the promissory notes referred to in Section 2.1(a) hereof.

"Revolving Interest Rate" shall mean (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, an interest rate per annum equal to the sum of 1.00% plus the Alternate Base Rate and (b) with respect to Revolving Advances that are LIBOR Rate Loans, an interest rate per annum equal to the sum of 2.00% plus the LIBOR Rate.

"Sanctioned Country" shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law.

"Sanctioned Person" shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Second Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Second Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Secured Parties" shall mean, collectively, Agent, Issuer, Swing Loan Lender and Lenders, together with any Affiliates of Agent or any Lender to whom any Hedge Liabilities or Cash Management Liabilities are owed and with each other holder of any of the Obligations, and the respective successors and assigns of each of them.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Sellers' Lien Laws" means, collectively, all state, federal, and other Applicable Laws applicable to a Borrower's purchase of Farm Products on credit from any selling party that creates a Lien or imposes a trust upon the agricultural, livestock, poultry, seafood, milk, dairy, egg, or other Farm Products sold and/or the proceeds and products thereof, for the benefit of such selling party, or a creditor thereof, to secure payment for such Farm Products, including without limitation, PACA, PSA, the Food Security Act, or any similar state or federal laws or regulations.

"Sellers' Lien Law Notices" shall have the meaning given in Section 5.29.

"Settlement" shall have the meaning set forth in Section 2.6(d) hereof.

"Settlement Date" shall have the meaning set forth in Section 2.6(d) hereof.

"Subsidiary" shall mean of any Person a corporation or other entity of whose Equity Interests having ordinary voting power (other than Equity Interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person.

"Subsidiary Stock" shall mean (a) with respect to the Equity Interests issued to a Borrower by any Subsidiary (other than a Foreign Subsidiary), 100% of such issued and outstanding Equity Interests, and (b) with respect to any Equity Interests issued to a Borrower by any Foreign Subsidiary (i) 100% of such issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956(c)(2)) and (ii) 66% (or such greater percentage that, due to a change in an Applicable Law after the date hereof, (x) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Borrower and (y) could not reasonably be expected to cause any material adverse tax consequences) of such issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)).

"Swap" shall mean any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder other than (a) a swap entered into on, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender-Provided Interest Rate Hedge, or a Lender-Provided Foreign Currency Hedge.

"Swing Loan Lender" shall mean PNC, in its capacity as lender of the Swing Loans.

"Swing Loan Note" shall mean the promissory note described in Section 2.4(a) hereof.

"Swing Loans" shall mean the Advances made pursuant to Section 2.4 hereof.

"Taxes" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

"Term" shall have the meaning set forth in Section 13.1 hereof.

"Term Loan" shall have the meaning set forth in Section 2.3(a) hereof.

"Term Loan Commitment" shall mean, as to any Lender, the obligation of such Lender (if applicable), to fund a portion of the Term Loan in an aggregate principal amount equal to the Term Loan Commitment Amount (if any) of such Lender.

"Term Loan Commitment Percentage" shall mean, as to any Lender, the Term Loan Commitment Percentage (if any) set forth below such Lender's name on the signature page hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the Term Loan Commitment Percentage (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement), as the same may be adjusted upon any assignment by or to such Lender pursuant to Section 16.3(c) or (d) hereof.

"Term Loan Commitment Amount" shall mean, as to any Lender, the term loan commitment amount (if any) set forth below such Lender's name on the signature page hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 16.3(c) or (d) hereof, the term loan commitment amount (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement), as the same may be adjusted upon any assignment by or to such Lender pursuant to Section 16.3(c) or (d) hereof.

"Term Loan Rate" shall mean (a) with respect to Term Loans and Equipment Loans that are Domestic Rate Loans, an interest rate per annum equal to the sum of 1.75% plus the Alternate Base Rate and (b) with respect to Term Loans and Equipment Loans that are LIBOR Rate Loans, an interest rate per annum equal to the sum of 2.75% plus the LIBOR Rate.

"Term Note" shall mean the promissory note described in Section 2.3 hereof.

"Termination Event" shall mean: (a) a Reportable ERISA Event with respect to any Plan; (b) the withdrawal of any Borrower or any member of the Controlled Group from a Plan during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the providing of notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (d) the commencement of proceedings by the PBGC to terminate a Plan; (e) any event or condition (i) which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (ii) that may result in the termination of a Multiemployer Plan pursuant to Section 4041A of ERISA; (f) the partial or complete withdrawal, within the meaning of Section 4203 or 4205 of ERISA, of any Borrower or any member of the Controlled Group from a Multiemployer Plan; (g) notice that a Multiemployer Plan is subject to Section 4245 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent, upon any Borrower or any member of the Controlled Group.

"Title Reserve Amount" shall mean $1,500,000; provided, however, that such amount shall be reduced to $0 (i) upon receipt by Agent of the items required under Section 6.15(c) and (ii) so long as no Event of Default has occurred and is continuing on the date of Agent's receipt of items required under Section 6.15(c).

"Toxic Substance" shall mean and include any material present on the Real Property (including the Leasehold Interests) which is subject to regulation under the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601 et seq., applicable state law, or any other applicable Federal or state laws now in force or hereafter enacted relating to toxic substances. "Toxic Substance" includes but is not limited to asbestos, polychlorinated biphenyls (PCBs) and lead- based paints.

"Transactions" shall have the meaning set forth in Section 5.5(a) hereof.

"Transferee" shall have the meaning set forth in Section 16.3(d) hereof.

"UCP" shall have the meaning set forth in Section 2.12(b) hereof.

"Undrawn Availability" at a particular date shall mean an amount equal to (a) the lesser of (i) the Formula Amount or (ii) the Maximum Revolving Advance Amount minus the Maximum Undrawn Amount of all outstanding Letters of Credit, minus (b) the sum of (i) the outstanding amount of Advances (other than the Equipment Loans and the Term Loan) plus (ii) all amounts due and owing to any Borrower's trade creditors which are outstanding sixty (60) days or more past their due date, plus (iii) fees and expenses incurred in connection with the Transactions for which Borrowers are liable but which have not been paid or charged to Borrowers' Account.

"Unfunded Capital Expenditures" shall mean, as to any Borrower, without duplication, a Capital Expenditure funded (a) from such Borrower's internally generated cash flow or (b) with the proceeds of a Revolving Advance or Swing Loan.

"Uniform Commercial Code" shall have the meaning set forth in Section 1.3 hereof.

"USA PATRIOT Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

1.3. Uniform Commercial Code Terms. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of New York from time to time (the "Uniform Commercial Code") shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms "accounts", "chattel paper" (and "electronic chattel paper" and "tangible chattel paper"), "commercial tort claims", "deposit accounts", "documents", "equipment", "financial asset", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "payment intangibles", "proceeds", "promissory note" "securities", "software" and "supporting obligations" as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. To the extent the definition of

any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code, such expanded definition will apply automatically as of the date of such amendment, modification or revision.

1.4. Certain Matters of Construction. The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, except where the context clearly requires otherwise. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements to which Agent is a party, including references to any of the Other Documents, shall include any and all modifications, supplements or amendments thereto, any and all restatements or replacements thereof and any and all extensions or renewals thereof. Except as otherwise expressly provided for herein, all references herein to the time of day shall mean the time in New York, New York. Unless otherwise provided, all financial calculations shall be performed with Inventory valued on a first-in, first-out basis. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation”. A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall “continue” or be “continuing” until such Event of Default has been waived in writing by Required Lenders. Any Lien referred to in this Agreement or any of the Other Documents as having been created in favor of Agent, any agreement entered into by Agent pursuant to this Agreement or any of the Other Documents, any payment made by or to or funds received by Agent pursuant to or as contemplated by this Agreement or any of the Other Documents, or any act taken or omitted to be taken by Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of Agent and Lenders. Wherever the phrase “to the best of Borrowers’ knowledge” or words of similar import relating to the knowledge or the awareness of any Borrower are used in this Agreement or Other Documents, such phrase shall mean and refer to (i) the actual knowledge of a senior officer of any Borrower or (ii) the knowledge that a senior officer would have obtained if he/she had engaged in a good faith and diligent performance of his/her duties, including the making of such reasonably specific inquiries as may be necessary of the employees or agents of such Borrower and a good faith attempt to ascertain the existence or accuracy of the matter to which such phrase relates. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

II. ADVANCES, PAYMENTS.

2.1. Revolving Advances.

(a) Amount of Revolving Advances. Subject to the terms and conditions set forth in this Agreement specifically including Section 2.1(b), each Lender, severally and not jointly, will make Revolving Advances to Borrowers in aggregate amounts outstanding at any time equal to such Lender's Revolving Commitment Percentage of the lesser of (x) the Maximum Revolving Advance Amount, less the outstanding amount of Swing Loans, less the aggregate Maximum Undrawn Amount of all outstanding Letters of Credit or (y) an amount equal to the sum of:

(i) up to 85% (the "Receivables Advance Rate") of Eligible Receivables, plus

(ii) up to 50% of the value of the Eligible Inventory (the "Inventory Advance Rate", together with the Receivables Advance Rate, collectively, the "Advance Rates"), minus

(iii) the aggregate Maximum Undrawn Amount of all outstanding Letters of Credit, minus

(iv) the Availability Reserve Amount, minus

(v) the Title Reserve Amount, minus

(vi) any Reserves.

The amount derived from the sum of (x) Sections 2.1(a)(y)(i) and (ii) minus (y) Sections 2.1 (a)(y)(iii), (iv), (v) and (vi) at any time and from time to time shall be referred to as the "Formula Amount". The Revolving Advances shall be evidenced by one or more secured promissory notes (collectively, the "Revolving Credit Note") substantially in the form attached hereto as Exhibit 2.1(a). Notwithstanding anything to the contrary contained in the foregoing or otherwise in this Agreement, the outstanding aggregate principal amount of Swing Loans and the Revolving Advances at any one time outstanding shall not exceed an amount equal to the lesser of (i) the Maximum Revolving Advance Amount less the Maximum Undrawn Amount of all outstanding Letters of Credit or (ii) the Formula Amount.

(b) Sublimits for Revolving Advances. Revolving Advances made to Borrowers against Eligible Inventory shall not exceed in the aggregate, at any time outstanding, the lesser of (i) 50% of the Formula Amount and (ii) $2,500,000.

2.2. Procedures for Requesting Revolving Advances; Procedures for Selection of Applicable Interest Rates for All Advances.

(a) Borrowing Agent on behalf of any Borrower may notify Agent prior to 1:00 p.m. on a Business Day of a Borrower's request to incur, on that day, a Revolving Advance hereunder. Subject to the satisfaction of the conditions set forth in Section 8.3 hereof, in the

event any Borrower desires an Equipment Loan, Borrowing Agent shall give Agent at least three (3) Business Days prior written notice. Should any amount required to be paid as interest hereunder, or as fees or other charges under this Agreement or any other agreement with Agent or Lenders, or with respect to any other Obligation under this Agreement, become due, same shall be deemed a request for a Revolving Advance maintained as a Domestic Rate Loan as of the date such payment is due, in the amount required to pay in full such interest, fee, charge or Obligation, and such request shall be irrevocable.

(b) Notwithstanding the provisions of subsection (a) above, in the event any Borrower desires to obtain a LIBOR Rate Loan for any Advance (other than a Swing Loan), Borrowing Agent shall give Agent written notice by no later than 1:00 p.m. on the day which is three (3) Business Days prior to the date such LIBOR Rate Loan is to be borrowed, specifying (i) the date of the proposed borrowing (which shall be a Business Day), (ii) the type of borrowing and the amount of such Advance to be borrowed, which amount shall be in a minimum amount of $100,000 and in integral multiples of $100,000 thereafter, and (iii) the duration of the first Interest Period therefor. Interest Periods for LIBOR Rate Loans shall be for one, two or three months; provided that, if an Interest Period would end on a day that is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the Interest Period shall end on the next preceding Business Day. No LIBOR Rate Loan shall be made available to any Borrower during the continuance of a Default or an Event of Default. After giving effect to each requested LIBOR Rate Loan, including those which are converted from a Domestic Rate Loan under Section 2.2(e), there shall not be outstanding more than eight (8) LIBOR Rate Loans, in the aggregate at any time.

(c) Each Interest Period of a LIBOR Rate Loan shall commence on the date such LIBOR Rate Loan is made and shall end on such date as Borrowing Agent may elect as set forth in subsection (b)(iii) above, provided that the exact length of each Interest Period shall be determined in accordance with the practice of the interbank market for offshore Dollar deposits and no Interest Period shall end after the last day of the Term.

(d) Borrowing Agent shall elect the initial Interest Period applicable to a LIBOR Rate Loan by its notice of borrowing given to Agent pursuant to Section 2.2(b) or by its notice of conversion given to Agent pursuant to Section 2.2(e), as the case may be. Borrowing Agent shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to Agent of such duration not later than 1:00 p.m. on the day which is three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan. If Agent does not receive timely notice of the Interest Period elected by Borrowing Agent, Borrowing Agent shall be deemed to have elected to convert such LIBOR Rate Loan to a Domestic Rate Loan as of the last day of the Interest Period applicable to such LIBOR Rate Loan subject to Section 2.2(e) below.

(e) Provided that no Default or Event of Default shall have occurred and be continuing, Borrowing Agent may, on the last Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, or on any Business Day with respect to Domestic Rate Loans, convert any such loan into a loan of another type in the same aggregate principal amount provided that any conversion of a LIBOR Rate Loan shall be made only on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan. If

Borrowing Agent desires to convert a loan, Borrowing Agent shall give Agent written notice by no later than 1:00 p.m. (i) on the day which is three (3) Business Days prior to the date on which such conversion is to occur with respect to a conversion from a Domestic Rate Loan to a LIBOR Rate Loan, or (ii) on the day which is one (1) Business Day prior to the date on which such conversion is to occur (which date shall be the last Business Day of the Interest Period for the applicable LIBOR Rate Loan) with respect to a conversion from a LIBOR Rate Loan to a Domestic Rate Loan, specifying, in each case, the date of such conversion, the loans to be converted and if the conversion is to a LIBOR Rate Loan, the duration of the first Interest Period therefor.

(f) At its option and upon written notice given prior to 1:00 p.m. at least three (3) Business Days prior to the date of such prepayment, any Borrower may, subject to Section 2.2(g) hereof, prepay the LIBOR Rate Loans in whole at any time or in part from time to time with accrued interest on the principal being prepaid to the date of such repayment. Such Borrower shall specify the date of prepayment of Advances which are LIBOR Rate Loans and the amount of such prepayment. In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then current Interest Period with respect thereto, such Borrower shall indemnify Agent and Lenders therefor in accordance with Section 2.2(g) hereof.

(g) Each Borrower shall indemnify Agent and Lenders and hold Agent and Lenders harmless from and against any and all losses or expenses that Agent and Lenders may sustain or incur as a consequence of any prepayment, conversion of or any default by any Borrower in the payment of the principal of or interest on any LIBOR Rate Loan or failure by any Borrower to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, any interest payable by Agent or Lenders to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Agent or any Lender to Borrowing Agent shall be conclusive absent manifest error.

(h) Notwithstanding any other provision hereof, if any Applicable Law, treaty, regulation or directive, or any change therein or in the interpretation or application thereof, including without limitation any Change in Law, shall make it unlawful for Lenders or any Lender (for purposes of this subsection (h), the term "Lender" shall include any Lender and the office or branch where any Lender or any Person controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of Lenders (or such affected Lender) to make LIBOR Rate Loans hereunder shall forthwith be cancelled and Borrowers shall, if any affected LIBOR Rate Loans are then outstanding, promptly upon request from Agent, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into loans of another type. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, Borrowers shall pay Agent, upon Agent's request, such amount or amounts set forth in clause (g) above. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Lenders to Borrowing Agent shall be conclusive absent manifest error.

2.3. Term Loans; Equipment Loans

(a) Term Loan. Subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, will make a term loan to Borrowers in the amount equal to such Lender's Term Loan Commitment Percentage of $4,700,000 (the "Term Loan"). The Term Loan shall be advanced on the Closing Date and shall be, with respect to principal, payable as follows, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement: 83 consecutive monthly installments each in the amount of $55,952.38 commencing November 1, 2017 and continuing on the first day of each month thereafter followed by an 84th payment of all unpaid principal, accrued and unpaid interest and all unpaid fees and expenses. The Term Loan shall be evidenced by one or more secured promissory notes (collectively, the "Term Note") in substantially the form attached hereto as Exhibit 2.3(a). The Term Loan may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any portion of the Term Loan as a LIBOR Rate Loan or to convert any portion of the Term Loan from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) and the provisions of Sections 2.2(b) through (h) shall apply.

(b) Equipment Loans.

(i) Following Agent's receipt of Borrowers' audited financial statements for the fiscal year ending December 31, 2017 demonstrating EBITDA of not less than $2,500,000 and net income of not less than $750,000, subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, shall, from time to time, make Advances (each, an "Equipment Loan" and collectively, the "Equipment Loans") to one or more Borrowers in an amount equal to such Lender's Equipment Loan Commitment Percentage of the applicable Equipment Loan to finance Borrowers' purchase of equipment for use in Borrowers' business. All such Equipment Loans shall be in such amounts as are requested by Borrowing Agent, but in no event shall any Equipment Loan exceed eighty percent (80%) of the Net Invoice Cost of the equipment being purchased by Borrowers and the total amount of all Equipment Loans advanced (I) during the First Borrowing Period (defined below) shall not exceed, in the aggregate, $750,000 and (II) hereunder shall not exceed, in the aggregate, the Maximum Equipment Loan Amount. Once repaid, Equipment Loans may not be re-borrowed.

(ii) Equipment Loans shall be made available to Borrowers during the period commencing on (x) the Closing Date and ending on the date which is the first anniversary of the Closing Date (the "First Borrowing Period") and (y) the first day after the end of the First Borrowing Period and ending on second anniversary of the Closing Date (the "Second Borrowing Period"). At the end of the First Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule, the first of which installments shall be due and payable on the first day of the next month after the end of the First Borrowing Period, and the remaining installments of which shall be due and payable on the first day of each month thereafter (the amount of each such monthly installment, the "First Borrowing Period Monthly Installment"). At the end of the Second Borrowing Period, Agent shall calculate the aggregate principal balance of all then

outstanding Equipment Loans made during the Second Borrowing Period, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule (the amount of each such monthly installment, the "Second Borrowing Period Monthly Installment"). Commencing automatically on the first day of the next month after the end of the Second Borrowing Period, and continuing on the first day of each month thereafter, Borrowers shall pay an increased amount of principal each month in respect of all Equipment Loans, until paid in full, which monthly amount shall equal the sum of the First Borrowing Period Monthly Installment plus the Second Borrowing Period Monthly Installment, provided, however, that the aggregate principal balance of all Equipment Loans, together with all accrued and unpaid interest thereon, and all unpaid fees, costs and expenses payable hereunder in connection therewith, shall be due and payable in full upon the expiration of the Term, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement. Equipment Loans shall be evidenced by one or more secured promissory notes (collectively, the "Equipment Note") in substantially the form attached hereto as Exhibit 2.3(b). The Equipment Loans may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any Equipment Loan (or any portion thereof) as a LIBOR Rate Loan or to convert any Equipment Loan (or any portion thereof) from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) and the provisions of Sections 2.2(b) through (h) shall apply.

2.4. Swing Loans.

(a) Subject to the terms and conditions set forth in this Agreement, and in order to minimize the transfer of funds between Lenders and Agent for administrative convenience, Agent, Lenders holding Revolving Commitments and Swing Loan Lender agree that in order to facilitate the administration of this Agreement, Swing Loan Lender may, at its election and option made in its sole discretion cancelable at any time for any reason whatsoever, make swing loan advances ("Swing Loans") available to Borrowers as provided for in this Section 2.4 at any time or from time to time after the date hereof to, but not including, the expiration of the Term, in an aggregate principal amount up to but not in excess of the Maximum Swing Loan Advance Amount, provided that the outstanding aggregate principal amount of Swing Loans and the Revolving Advances at any one time outstanding shall not exceed an amount equal to the lesser of (i) the Maximum Revolving Advance Amount less the Maximum Undrawn Amount of all outstanding Letters of Credit or (ii) the Formula Amount. All Swing Loans shall be Domestic Rate Loans only. Borrowers may borrow (at the option and election of Swing Loan Lender), repay and re-borrow (at the option and election of Swing Loan Lender) Swing Loans and Swing Loan Lender may make Swing Loans as provided in this Section 2.4 during the period between Settlement Dates. All Swing Loans shall be evidenced by a secured promissory note (the "Swing Loan Note") substantially in the form attached hereto as Exhibit 2.4(a). Swing Loan Lender's agreement to make Swing Loans under this Agreement is cancelable at any time for any reason whatsoever and the making of Swing Loans by Swing Loan Lender from time to time shall not create any duty or obligation, or establish any course of conduct, pursuant to which Swing Loan Lender shall thereafter be obligated to make Swing Loans in the future.

(b) Upon either (i) any request by Borrowing Agent for a Revolving Advance made pursuant to Section 2.2(a) hereof or (ii) the occurrence of any deemed request by Borrowers for a Revolving Advance pursuant to the provisions of the last sentence of Section 2.2(a) hereof, Swing Loan Lender may elect, in its sole discretion, to have such request or deemed request treated as a request for a Swing Loan, and may advance same day funds to Borrowers as a Swing Loan; provided that notwithstanding anything to the contrary provided for herein, Swing Loan Lender may not make Swing Loan Advances if Swing Loan Lender has been notified by Agent or by Required Lenders that one or more of the applicable conditions set forth in Section 8.2 of this Agreement have not been satisfied or the Revolving Commitments have been terminated for any reason.

(c) Upon the making of a Swing Loan (whether before or after the occurrence of a Default or an Event of Default and regardless of whether a Settlement has been requested with respect to such Swing Loan), each Lender holding a Revolving Commitment shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from Swing Loan Lender, without recourse or warranty, an undivided interest and participation in such Swing Loan in proportion to its Revolving Commitment Percentage. Swing Loan Lender or Agent may, at any time, require the Lenders holding Revolving Commitments to fund such participations by means of a Settlement as provided for in Section 2.6(d) below. From and after the date, if any, on which any Lender holding a Revolving Commitment is required to fund, and funds, its participation in any Swing Loans purchased hereunder, Agent shall promptly distribute to such Lender its Revolving Commitment Percentage of all payments of principal and interest and all proceeds of Collateral received by Agent in respect of such Swing Loan; provided that no Lender holding a Revolving Commitment shall be obligated in any event to make Revolving Advances in an amount in excess of its Revolving Commitment Amount minus its Participation Commitment (taking into account any reallocations under Section 2.22) of the Maximum Undrawn Amount of all outstanding Letters of Credit.

2.5. Disbursement of Advance Proceeds. All Advances shall be disbursed from whichever office or other place Agent may designate from time to time and, together with any and all other Obligations of Borrowers to Agent or Lenders, shall be charged to Borrowers' Account on Agent's books. The proceeds of each Revolving Advance or Swing Loan requested by Borrowing Agent on behalf of any Borrower or deemed to have been requested by any Borrower under Sections 2.2(a), 2.6(b) or 2.14 hereof shall, (i) with respect to requested Revolving Advances, to the extent Lenders make such Revolving Advances in accordance with Section 2.2(a), 2.6(b) or 2.14 hereof, and with respect to Swing Loans made upon any request by Borrowing Agent for a Revolving Advance to the extent Swing Loan Lender makes such Swing Loan in accordance with Section 2.4(b) hereof, be made available to the applicable Borrower on the day so requested by way of credit to such Borrower's operating account at PNC, or such other bank as Borrowing Agent may designate following notification to Agent, in immediately available federal funds or other immediately available funds or, (ii) with respect to Revolving Advances deemed to have been requested by any Borrower or Swing Loans made upon any deemed request for a Revolving Advance by any Borrower, be disbursed to Agent to be applied to the outstanding Obligations giving rise to such deemed request. During the Term, Borrowers may use the Revolving Advances and Swing Loans by borrowing, prepaying and re-borrowing, all in accordance with the terms and conditions hereof.

2.6. Making and Settlement of Advances.

(a) Each borrowing of Revolving Advances shall be advanced according to the applicable Revolving Commitment Percentages of Lenders holding the Revolving Commitments (subject to any contrary terms of Section 2.22). The Term Loan shall be advanced according to the applicable Term Loan Commitment Percentages of Lenders holding the Term Loan Commitments. Each borrowing of Equipment Loans shall be advanced according to the applicable Equipment Loan Commitment Percentages of Lenders holding the Equipment Loan Commitments. Each borrowing of Swing Loans shall be advanced by Swing Loan Lender alone.

(b) Promptly after receipt by Agent of a request or a deemed request for a Revolving Advance pursuant to Section 2.2(a) or an Equipment Loan pursuant to Section 2.3(b) and, with respect to Revolving Advances, to the extent Agent elects not to provide a Swing Loan or the making of a Swing Loan would result in the aggregate amount of all outstanding Swing Loans exceeding the maximum amount permitted in Section 2.4(a), Agent shall notify Lenders holding the Revolving Commitments or Lenders holding an Equipment Loan Commitment, as applicable, of its receipt of such request specifying the information provided by Borrowing Agent and the apportionment among Lenders of the requested Revolving Advance or Equipment Loan, as applicable, as determined by Agent in accordance with the terms hereof. Each Lender shall remit the principal amount of each Revolving Advance or Equipment Loan, as applicable, to Agent such that Agent is able to, and Agent shall, to the extent the applicable Lenders have made funds available to it for such purpose and subject to Section 8.2 and 8.3, fund such Revolving Advance or Equipment Loan, as applicable, to Borrowers in U.S. Dollars and immediately available funds at the Payment Office prior to the close of business, on the applicable borrowing date; provided that if any applicable Lender fails to remit such funds to Agent in a timely manner, Agent may elect in its sole discretion to fund with its own funds the Revolving Advance or Equipment Loan, as applicable, of such Lender on such borrowing date, and such Lender shall be subject to the repayment obligation in Section 2.6(c) hereof.

(c) Unless Agent shall have been notified by telephone, confirmed in writing, by any Lender holding a Revolving Commitment or Lender holding an Equipment Loan Commitment, as applicable that such Lender will not make the amount which would constitute its applicable Revolving Commitment Percentage of the requested Revolving Advance or its applicable Equipment Loan Commitment Percentage of the requested Equipment Loan, as applicable, available to Agent, Agent may (but shall not be obligated to) assume that such Lender has made such amount available to Agent on such date in accordance with Section 2.6(b) and may, in reliance upon such assumption, make available to Borrowers a corresponding amount. Agent will promptly notify Borrowing Agent of its receipt of any such notice from a Lender. In such event, if a Lender has not in fact made its applicable Revolving Commitment Percentage of the requested Revolving Advance or its applicable Equipment Loan Commitment Percentage of the requested Equipment Loan, as applicable, available to Agent, then the applicable Lender and Borrowers severally agree to pay to Agent on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrowers through but excluding the date of payment to Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) (x) the daily average Federal Funds Effective Rate (computed on the basis of a year of 360 days) during such period as quoted by Agent, times (y) such amount or (B) a rate determined by Agent in accordance with banking

industry rules on interbank compensation, and (ii) in the case of a payment to be made by Borrower, the Revolving Interest Rate for Revolving Advances that are Domestic Rate Loans or the Term Loan Rate for Equipment Loans that are Domestic Rate Loans, as applicable. If such Lender pays its share of the applicable Revolving Advance or Equipment Loan, as applicable, to Agent, then the amount so paid shall constitute such Lender's Revolving Advance or Equipment Loan, as applicable. Any payment by Borrowers shall be without prejudice to any claim Borrowers may have against a Lender holding a Revolving Commitment that shall have failed to make such payment to Agent. A certificate of Agent submitted to any Lender or Borrower with respect to any amounts owing under this paragraph (c) shall be conclusive, in the absence of manifest error.

(d) Agent, on behalf of Swing Loan Lender, shall demand settlement (a "Settlement") of all or any Swing Loans with Lenders holding the Revolving Commitments on at least a weekly basis, or on any more frequent date that Agent elects or that Swing Loan Lender at its option exercisable for any reason whatsoever may request, by notifying Lenders holding the Revolving Commitments of such requested Settlement by facsimile, telephonic or electronic transmission no later than 3:00 p.m. on the date of such requested Settlement (the "Settlement Date"). Subject to any contrary provisions of Section 2.22, each Lender holding a Revolving Commitment shall transfer the amount of such Lender's Revolving Commitment Percentage of the outstanding principal amount (plus interest accrued thereon to the extent requested by Agent) of the applicable Swing Loan with respect to which Settlement is requested by Agent, to such account of Agent as Agent may designate not later than 5:00 p.m. on such Settlement Date if requested by Agent by 3:00 p.m., otherwise not later than 5:00 p.m. on the next Business Day. Settlements may occur at any time notwithstanding that the conditions precedent to making Revolving Advances set forth in Section 8.2 have not been satisfied or the Revolving Commitments shall have otherwise been terminated at such time. All amounts so transferred to Agent shall be applied against the amount of outstanding Swing Loans and, when so applied shall constitute Revolving Advances of such Lenders accruing interest as Domestic Rate Loans. If any such amount is not transferred to Agent by any Lender holding a Revolving Commitment on such Settlement Date, Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon as specified in Section 2.6(c).

(e) If any Lender or Participant (a "Benefited Lender") shall at any time receive any payment of all or part of its Advances, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily or by set-off) in a greater proportion than any such payment to and Collateral received by any other Lender, if any, in respect of such other Lender's Advances, or interest thereon, and such greater proportionate payment or receipt of Collateral is not expressly permitted hereunder, such Benefited Lender shall purchase for cash from the other Lenders a participation in such portion of each such other Lender's Advances, or shall provide such other Lender with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of the other Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that each Lender so purchasing a portion of another Lender's Advances may exercise all rights of payment (including

rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion, and the obligations owing to each such purchasing Lender in respect of such participation and such purchased portion of any other Lender's Advances shall be part of the Obligations secured by the Collateral, and the obligations owing to each such purchasing Lender in respect of such participation and such purchased portion of any other Lender's Advances shall be part of the Obligations secured by the Collateral.

2.7. Maximum Advances. The aggregate balance of Revolving Advances plus Swing Loans outstanding at any time shall not exceed the lesser of (a) the Maximum Revolving Advance Amount less the aggregate Maximum Undrawn Amount of all issued and outstanding Letters of Credit or (b) the Formula Amount.

2.8. Manner and Repayment of Advances.

(a) The Revolving Advances and Swing Loans shall be due and payable in full on the last day of the Term subject to earlier prepayment as herein provided. The Term Loan shall be due and payable as provided in Section 2.3(a) hereof and shall be due and payable in full on the last day of the Term, subject to mandatory prepayments as herein provided. The Equipment Loans shall be due and payable as provided in Section 2.3(b) hereof and shall be due and payable in full on the last day of the Term, subject to mandatory prepayments as herein provided. Notwithstanding the foregoing, all Advances shall be subject to earlier repayment upon (x) acceleration upon the occurrence of an Event of Default under this Agreement or (y) termination of this Agreement. Each payment (including each prepayment) by any Borrower on account of the principal of and interest on the Advances (other than the Term Loan and Equipment Loans) shall be applied, first to the outstanding Swing Loans and next, pro rata according to the applicable Revolving Commitment Percentages of Lenders, to the outstanding Revolving Advances (subject to any contrary provisions of Section 2.22). Each payment (including each prepayment) by any Borrower on account of the principal of and interest on the Term Loan shall be applied to the Term Loan pro rata according to the Term Loan Commitment Percentages of Lenders in the inverse order of maturities thereof. Each payment (including each prepayment) by any Borrower on account of the principal of and interest on the Equipment Loans shall be applied to the applicable Equipment Loan pro rata according to the Equipment Loan Commitment Percentages of Lenders in the inverse order of maturities thereof.

(b) Each Borrower recognizes that the amounts evidenced by checks, notes, drafts or any other items of payment relating to and/or proceeds of Collateral may not be collectible by Agent on the date received by Agent. Agent shall conditionally credit Borrowers' Account for each item of payment on the next Business Day after the Business Day on which such item of payment is received by Agent (and the Business Day on which each such item of payment is so credited shall be referred to, with respect to such item, as the "Application Date"). Agent is not, however, required to credit Borrowers' Account for the amount of any item of payment which is unsatisfactory to Agent and Agent may charge Borrowers' Account for the amount of any item of payment which is returned, for any reason whatsoever, to Agent unpaid. Subject to the foregoing, Borrowers agree that for purposes of computing the interest charges under this Agreement, each item of payment received by Agent shall be deemed applied by Agent on account of the Obligations on its respective Application Date. Borrowers further agree that there is a monthly float charge payable to Agent for Agent's sole benefit, in an amount equal

to (y) the face amount of all items of payment received during the prior month (including items of payment received by Agent as a wire transfer or electronic depository check) multiplied by (z) the Revolving Interest Rate with respect to Domestic Rate Loans for one (1) Business Day. All proceeds received by Agent shall be applied to the Obligations in accordance with Section 4.8(h).

(c) All payments of principal, interest and other amounts payable hereunder, or under any of the Other Documents shall be made to Agent at the Payment Office not later than 1:00 p.m. on the due date therefor in Dollars in federal funds or other funds immediately available to Agent. Agent shall have the right to effectuate payment of any and all Obligations due and owing hereunder by charging Borrowers' Account or by making Advances as provided in Section 2.2 hereof.

(d) Except as expressly provided herein, all payments (including prepayments) to be made by any Borrower on account of principal, interest, fees and other amounts payable hereunder shall be made without deduction, setoff or counterclaim and shall be made to Agent on behalf of Lenders to the Payment Office, in each case on or prior to 1:00 p.m., in Dollars and in immediately available funds.

2.9. Repayment of Excess Advances. If at any time the aggregate balance of outstanding Revolving Advances, Swing Loans, Term Loans, Equipment Loans and/or Advances taken as a whole exceeds the maximum amount of such type of Advances and/or Advances taken as a whole (as applicable) permitted hereunder, such excess Advances shall be immediately due and payable without the necessity of any demand, at the Payment Office, whether or not a Default or an Event of Default has occurred.

2.10. Statement of Account. Agent shall maintain, in accordance with its customary procedures, a loan account ("Borrowers' Account") in the name of Borrowers in which shall be recorded the date and amount of each Advance made by Agent or Lenders and the date and amount of each payment in respect thereof; provided, however, the failure by Agent to record the date and amount of any Advance shall not adversely affect Agent or any Lender. Each month, Agent shall send to Borrowing Agent a statement showing the accounting for the Advances made, payments made or credited in respect thereof, and other transactions between Agent, Lenders and Borrowers during such month. The monthly statements shall be deemed correct and binding upon Borrowers in the absence of manifest error and shall constitute an account stated between Lenders and Borrowers unless Agent receives a written statement of Borrowers' specific exceptions thereto within thirty (30) days after such statement is received by Borrowing Agent. The records of Agent with respect to Borrowers' Account shall be conclusive evidence absent manifest error of the amounts of Advances and other charges thereto and of payments applicable thereto.

2.11. Letters of Credit.

(a) Subject to the terms and conditions hereof, Issuer shall issue or cause the issuance of standby letters of credit denominated in Dollars ("Letters of Credit") for the account of any Borrower except to the extent that the issuance thereof would then cause the sum of (i) the outstanding Revolving Advances plus (ii) the outstanding Swing Loans, plus (iii) the Maximum

Undrawn Amount of all outstanding Letters of Credit, plus (iv) the Maximum Undrawn Amount of the Letter of Credit to be issued to exceed the lesser of (x) the Maximum Revolving Advance Amount or (y) the Formula Amount (calculated without giving effect to the deductions provided for in Section 2.1(a)(y)((iii)). The Maximum Undrawn Amount of all outstanding Letters of Credit shall not exceed in the aggregate at any time the Letter of Credit Sublimit. All disbursements or payments related to Letters of Credit shall be deemed to be Domestic Rate Loans consisting of Revolving Advances and shall bear interest at the Revolving Interest Rate for Domestic Rate Loans. Letters of Credit that have not been drawn upon shall not bear interest (but fees shall accrue in respect of outstanding Letters of Credit as provided in Section 3.2 hereof).

(b) Notwithstanding any provision of this Agreement, Issuer shall not be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Body or arbitrator shall by its terms purport to enjoin or restrain Issuer from issuing any Letter of Credit, or any Law applicable to Issuer or any request or directive (whether or not having the force of law) from any Governmental Body with jurisdiction over Issuer shall prohibit, or request that Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which Issuer is not otherwise compensated hereunder) not in effect on the date of this Agreement, or shall impose upon Issuer any unreimbursed loss, cost or expense which was not applicable on the date of this Agreement, and which Issuer in good faith deems material to it, or (ii) the issuance of the Letter of Credit would violate one or more policies of Issuer applicable to letters of credit generally.

2.12. Issuance of Letters of Credit.

(a) Borrowing Agent, on behalf of any Borrower, may request Issuer to issue or cause the issuance of a Letter of Credit by delivering to Issuer, with a copy to Agent at the Payment Office, prior to 1:00 p.m., at least five (5) Business Days prior to the proposed date of issuance, such Issuer's form of Letter of Credit Application (the "Letter of Credit Application") completed to the satisfaction of Agent and Issuer; and, such other certificates, documents and other papers and information as Agent or Issuer may reasonably request. Issuer shall not issue any requested Letter of Credit if such Issuer has received notice from Agent or any Lender that one or more of the applicable conditions set forth in Section 8.2 of this Agreement have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason.

(b) Each Letter of Credit shall, among other things, (i) provide for the payment of sight drafts, or other written demands for payment, and (ii) have an expiry date not later than twelve (12) months after such Letter of Credit's date of issuance and in no event later than the last day of the Term. Each standby Letter of Credit shall be subject either to the Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce at the time a Letter of Credit is issued (the "UCP") or the International Standby Practices (International Chamber of Commerce Publication Number 590), or any subsequent revision thereof at the time a standby Letter of Credit is issued, as determined by Issuer, and each trade Letter of Credit shall be subject to the UCP.

(c) Agent shall use its reasonable efforts to notify Lenders of the request by Borrowing Agent for a Letter of Credit hereunder.

2.13. Requirements For Issuance of Letters of Credit. Borrowing Agent shall authorize and direct any Issuer to name the applicable Borrower as the "Applicant" or "Account Party" of each Letter of Credit. If Agent is not the Issuer of any Letter of Credit, Borrowing Agent shall authorize and direct Issuer to deliver to Agent all instruments, documents, and other writings and property received by Issuer pursuant to the Letter of Credit and to accept and rely upon Agent's instructions and agreements with respect to all matters arising in connection with the Letter of Credit, the application therefor.

2.14. Disbursements, Reimbursement.

(a) Immediately upon the issuance of each Letter of Credit, each Lender holding a Revolving Commitment shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from Issuer a participation in each Letter of Credit and each drawing thereunder in an amount equal to such Lender's Revolving Commitment Percentage of the Maximum Undrawn Amount of such Letter of Credit (as in effect from time to time) and the amount of such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, Issuer will promptly notify Agent and Borrowing Agent. Regardless of whether Borrowing Agent shall have received such notice, Borrowers shall reimburse (such obligation to reimburse Issuer shall sometimes be referred to as a "Reimbursement Obligation") Issuer prior to 12:00 Noon, on each date that an amount is paid by Issuer under any Letter of Credit (each such date, a "Drawing Date") in an amount equal to the amount so paid by Issuer. In the event Borrowers fail to reimburse Issuer for the full amount of any drawing under any Letter of Credit by 12:00 Noon, on the Drawing Date, Issuer will promptly notify Agent and each Lender holding a Revolving Commitment thereof, and Borrowers shall be automatically deemed to have requested that a Revolving Advance maintained as a Domestic Rate Loan be made by Lenders to be disbursed on the Drawing Date under such Letter of Credit, and Lenders holding the Revolving Commitments shall be unconditionally obligated to fund such Revolving Advance (all whether or not the conditions specified in Section 8.2 are then satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason) as provided for in Section 2.14(c) immediately below. Any notice given by Issuer pursuant to this Section 2.14(b) may be oral if promptly confirmed in writing; provided that the lack of such a confirmation shall not affect the conclusiveness or binding effect of such notice.

(c) Each Lender holding a Revolving Commitment shall upon any notice pursuant to Section 2.14(b) make available to Issuer through Agent at the Payment Office an amount in immediately available funds equal to its Revolving Commitment Percentage (subject to any contrary provisions of Section 2.22) of the amount of the drawing, whereupon the participating Lenders shall (subject to Section 2.14(d)) each be deemed to have made a Revolving Advance maintained as a Domestic Rate Loan to Borrowers in that amount. If any Lender holding a Revolving Commitment so notified fails to make available to Agent, for the benefit of Issuer, the amount of such Lender's Revolving Commitment Percentage of such

amount by 2:00 p.m. on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender makes such payment (i) at a rate per annum equal to the Federal Funds Effective Rate during the first three (3) days following the Drawing Date and (ii) at a rate per annum equal to the rate applicable to Revolving Advances maintained as a Domestic Rate Loan on and after the fourth day following the Drawing Date. Agent and Issuer will promptly give notice of the occurrence of the Drawing Date, but failure of Agent or Issuer to give any such notice on the Drawing Date or in sufficient time to enable any Lender holding a Revolving Commitment to effect such payment on such date shall not relieve such Lender from its obligations under this Section 2.14(c), provided that such Lender shall not be obligated to pay interest as provided in Section 2.14(c)(i) and (ii) until and commencing from the date of receipt of notice from Agent or Issuer of a drawing.

(d) With respect to any unreimbursed drawing that is not converted into a Revolving Advance maintained as a Domestic Rate Loan to Borrowers in whole or in part as contemplated by Section 2.14(b), because of Borrowers' failure to satisfy the conditions set forth in Section 8.2 hereof (other than any notice requirements) or for any other reason, Borrowers shall be deemed to have incurred from Agent a borrowing (each a "Letter of Credit Borrowing") in the amount of such drawing. Such Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate per annum applicable to a Revolving Advance maintained as a Domestic Rate Loan. Each applicable Lender's payment to Agent pursuant to Section 2.14(c) shall be deemed to be a payment in respect of its participation in such Letter of Credit Borrowing and shall constitute a "Participation Advance" from such Lender in satisfaction of its Participation Commitment in respect of the applicable Letter of Credit under this Section 2.14.

(e) Each applicable Lender's Participation Commitment in respect of the Letters of Credit shall continue until the last to occur of any of the following events: (x) Issuer ceases to be obligated to issue or cause to be issued Letters of Credit hereunder; (y) no Letter of Credit issued or created hereunder remains outstanding and uncancelled; and (z) all Persons (other than Borrowers) have been fully reimbursed for all payments made under or relating to Letters of Credit.

2.15. Repayment of Participation Advances.

(a) Upon (and only upon) receipt by Agent for the account of Issuer of immediately available funds from Borrowers (i) in reimbursement of any payment made by Issuer or Agent under the Letter of Credit with respect to which any Lender has made a Participation Advance to Agent, or (ii) in payment of interest on such a payment made by Issuer or Agent under such a Letter of Credit, Agent will pay to each Lender holding a Revolving Commitment, in the same funds as those received by Agent, the amount of such Lender's Revolving Commitment Percentage of such funds, except Agent shall retain the amount of the Revolving Commitment Percentage of such funds of any Lender holding a Revolving Commitment that did not make a Participation Advance in respect of such payment by Agent (and, to the extent that any of the other Lender(s) holding the Revolving Commitment have funded any portion such Defaulting Lender's Participation Advance in accordance with the provisions of Section 2.22, Agent will pay over to such Non-Defaulting Lenders a pro rata portion of the funds so withheld from such Defaulting Lender).

(b) If Issuer or Agent is required at any time to return to any Borrower, or to a trustee, receiver, liquidator, custodian, or any official in any insolvency proceeding, any portion of the payments made by Borrowers to Issuer or Agent pursuant to Section 2.15(a) in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each applicable Lender shall, on demand of Agent, forthwith return to Issuer or Agent the amount of its Revolving Commitment Percentage of any amounts so returned by Issuer or Agent plus interest at the Federal Funds Effective Rate.

2.16. Documentation. Each Borrower agrees to be bound by the terms of the Letter of Credit Application and by Issuer's interpretations of any Letter of Credit issued on behalf of such Borrower and by Issuer's written regulations and customary practices relating to letters of credit, though Issuer's interpretations may be different from such Borrower's own. In the event of a conflict between the Letter of Credit Application and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), Issuer shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following Borrowing Agent's or any Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

2.17. Determination to Honor Drawing Request. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, Issuer shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit and that any other drawing condition appearing on the face of such Letter of Credit has been satisfied in the manner so set forth.

2.18. Nature of Participation and Reimbursement Obligations. The obligation of each Lender holding a Revolving Commitment in accordance with this Agreement to make the Revolving Advances or Participation Advances as a result of a drawing under a Letter of Credit, and the obligations of Borrowers to reimburse Issuer upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Section 2.18 under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such Lender or any Borrower, as the case may be, may have against Issuer, Agent, any Borrower or Lender, as the case may be, or any other Person for any reason whatsoever;

(ii) the failure of any Borrower or any other Person to comply, in connection with a Letter of Credit Borrowing, with the conditions set forth in this Agreement for the making of a Revolving Advance, it being acknowledged that such conditions are not required for the making of a Letter of Credit Borrowing and the obligation of Lenders to make Participation Advances under Section 2.14;

(iii) any lack of validity or enforceability of any Letter of Credit;

(iv) any claim of breach of warranty that might be made by any Borrower, Agent, Issuer or any Lender against the beneficiary of a Letter of Credit, or the existence of any claim, set-off, recoupment, counterclaim, cross-claim, defense or other right which any Borrower, Agent, Issuer or any Lender may have at any time against a beneficiary, any successor beneficiary or any transferee of any Letter of Credit or assignee of the proceeds thereof (or any Persons for whom any such transferee or assignee may be acting), Issuer, Agent or any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Borrower or any Subsidiaries of such Borrower and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of (or any defect in or forgery of any signature or endorsement on) or the form of or lack of validity, sufficiency, accuracy, enforceability or genuineness of any draft, demand, instrument, certificate or other document presented under or in connection with any Letter of Credit, or any fraud or alleged fraud in connection with any Letter of Credit, or the transport of any property or provision of services relating to a Letter of Credit, in each case even if Issuer or any of Issuer's Affiliates has been notified thereof;

(vi) payment by Issuer under any Letter of Credit against presentation of a demand, draft or certificate or other document which is forged or does not fully comply with the terms of such Letter of Credit (provided that the foregoing shall not excuse Issuer from any obligation under the terms of any applicable Letter of Credit to require the presentation of documents that on their face appear to satisfy any applicable requirements for drawing under such Letter of Credit prior to honoring or paying any such draw);

(vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(viii) any failure by Issuer or any of Issuer's Affiliates to issue any Letter of Credit in the form requested by Borrowing Agent, unless Agent and Issuer have each received written notice from Borrowing Agent of such failure within three (3) Business Days after Issuer shall have furnished Agent and Borrowing Agent a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(ix) the occurrence of any Material Adverse Effect;

(x) any breach of this Agreement or any Other Document by any party thereto;

(xi) the occurrence or continuance of an insolvency proceeding with respect to any Borrower or any Guarantor;

(xii) the fact that a Default or an Event of Default shall have occurred and be continuing;

(xiii) the fact that the Term shall have expired or this Agreement or the obligations of Lenders to make Advances have been terminated; and

(xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

2.19. Liability for Acts and Omissions.

(a) As between Borrowers and Issuer, Swing Loan Lender, Agent and Lenders, each Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, Issuer shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if Issuer or any of its Affiliates shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Borrower against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Borrower and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, facsimile, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of Issuer, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of Issuer's rights or powers hereunder. Nothing in the preceding sentence shall relieve Issuer from liability for Issuer's gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non- appealable judgment) in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall Issuer or Issuer's Affiliates be liable to any Borrower for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including without limitation attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

(b) Without limiting the generality of the foregoing, Issuer and each of its Affiliates: (i) may rely on any oral or other communication believed in good faith by Issuer or such Affiliate to have been authorized or given by or on behalf of the applicant for a Letter of Credit; (ii) may honor any presentation if the documents presented appear on their face substantially to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially

been honored, together with any interest paid by Issuer or its Affiliates; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on Issuer or its Affiliate in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a steamship agent or carrier or any document or instrument of like import (each an "Order") and honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

(c) In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by Issuer under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith and without gross negligence (as determined by a court of competent jurisdiction in a final non-appealable judgment), shall not put Issuer under any resulting liability to any Borrower, Agent or any Lender.

2.20. Mandatory Prepayments.

(a) Subject to Section 7.1 hereof, when any Borrower sells or otherwise disposes of any Collateral other than Inventory in the Ordinary Course of Business, Borrowers shall repay the Advances in an amount equal to the net proceeds of such sale (i.e., gross proceeds less the reasonable direct costs of such sales or other dispositions), such repayments to be made promptly but in no event more than three (3) Business Days following receipt of such net proceeds, and until the date of payment, such proceeds shall be held in trust for Agent. The foregoing shall not be deemed to be implied consent to any such sale otherwise prohibited by the terms and conditions hereof. Such repayments shall be applied (i) if the Collateral disposed of is equipment the purchase of which was financed by an Equipment Loan, (x) first, to the outstanding principal installments of the Equipment Loans in the inverse order of the maturities thereof, (y) second, to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof and (z) third, to the remaining Advances (including cash collateralization of all Obligations relating to any outstanding Letters of Credit in accordance with the provisions of Section 3.2(b); provided however that if no Default or Event of Default has occurred and is continuing, such repayments shall be applied to cash collateralize any Obligations related to outstanding Letters of Credit last) in such order as Agent may determine, subject to Borrowers' ability to re-borrow Revolving Advances in accordance with the terms hereof, (ii) if the Collateral disposed of is a working capital asset or any other capital asset not in excess of $1,000,000 (other than equipment the purchase of which was financed by an Equipment Loan) in proceeds in any fiscal year, (w) first, to the outstanding Revolving Advances, (x) second, to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof, (y) third, to the outstanding principal installments of the Equipment Loans in the inverse order of the maturities thereof and (z) fourth, to the remaining Advances (including cash collateralization of all Obligations relating to any outstanding Letters

of Credit in accordance with the provisions of Section 3.2(b), or (iii) if the Collateral disposed of is equipment other than as set forth in (i) above or Collateral other than as set forth in (ii) above (x) first, to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof, (y) second, to the outstanding principal installments of the Equipment Loans in the inverse order of the maturities thereof and (z) third, to the remaining Advances (including cash collateralization of all Obligations relating to any outstanding Letters of Credit in accordance with the provisions of Section 3.2(b), provided however that if no Default or Event of Default has occurred and is continuing, such repayments shall be applied to cash collateralize any Obligations related to outstanding Letters of Credit last) in such order as Agent may determine, subject to Borrowers' ability to re-borrow Revolving Advances in accordance with the terms hereof.

(b) In the event of any issuance or other incurrence of Indebtedness (other than Permitted Indebtedness) by Borrowers or the issuance of any Equity Interests by any Borrower, Borrowers shall, no later than three (3) Business Days after the receipt by Borrowers of (i) the cash proceeds from any such issuance or incurrence of Indebtedness or (ii) the net cash proceeds of any issuance of Equity Interests, as applicable, repay the Advances in an amount equal to (x) one hundred percent (100%) of such cash proceeds in the case of such incurrence or issuance of Indebtedness and (y) one hundred percent (100%) of such net cash proceeds in the case of an issuance of Equity Interests. Such repayments will be applied in the same manner as set forth in Section 2.20(a) hereof.

(c) All proceeds received by Borrowers or Agent (i) under any insurance policy on account of damage or destruction of any assets or property of any Borrowers; provided that, so long as (v) no Event of Default shall have occurred and be continuing or would result therefrom, (w) Borrowing Agent shall have given Agent prior written notice of such Borrower intention to apply such monies to the costs of replacement of the properties or assets that are the subject of such damage or destruction, (x) the monies do not exceed $1,000,000 in any fiscal year; (y) the monies are held in a deposit account in which Agent has a perfected first-priority security interest, and (z) such Borrower completes such replacement, purchase, or construction within 180 days after the initial receipt of such monies; then the Borrower whose assets were the subject of such damage or destruction shall have the option to apply such monies to the costs of replacement of the assets that are the subject of such damage or destruction, or (ii) as a result of any taking or condemnation of any assets or property shall be applied in accordance with Section 6.6 hereof.

2.21. Use of Proceeds.

(a) Borrowers shall apply the proceeds of Advances to (i) repay existing indebtedness owed to the entities and individuals listed on Schedule 2.21(a) hereto, (ii) pay fees and expenses relating to this transaction, and (iii) provide for their working capital needs and reimburse drawings under Letters of Credit. Borrowers shall not use the proceeds of any Revolving Advance to prepay the Term Loan or any Equipment Loan.

(b) Without limiting the generality of Section 2.21(a) above, neither the Borrowers, the Guarantors nor any other Person which may in the future become party to this Agreement or the Other Documents as a Borrower or Guarantor, intends to use nor shall they use any portion of the proceeds of the Advances, directly or indirectly, for any purpose in violation of Applicable Law.

2.22. Defaulting Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender is a Defaulting Lender, all rights and obligations hereunder of such Defaulting Lender and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.22 so long as such Lender is a Defaulting Lender.

(b) (i) except as otherwise expressly provided for in this Section 2.22, (x) Revolving Advances shall be made pro rata from Lenders holding Revolving Commitments which are not Defaulting Lenders based on their respective Revolving Commitment Percentages, and no Revolving Commitment Percentage of any Lender or any pro rata share of any Revolving Advances required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender and (y) Equipment Loans shall be made pro rata from Lenders holding Equipment Loan Commitments which are not Defaulting Lenders based on their respective Equipment Loan Commitment Percentages, and no Equipment Loan Commitment Percentage of any Lender or any pro rata share of any Equipment Loans required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender. Amounts received in respect of principal of any type of Revolving Advances or Equipment Loans, as applicable shall be applied to reduce such type of Revolving Advances or Equipment Loans, as applicable of each Lender (other than any Defaulting Lender) holding a Revolving Commitment or an Equipment Loan Commitment, as applicable in accordance with their Revolving Commitment Percentages or Equipment Loan Commitment Percentages, as applicable; provided, that, Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Agent for Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). Amounts payable to a Defaulting Lender shall instead be paid to or retained by Agent. Agent may hold and, in its discretion, re-lend to a Borrower the amount of such payments received or retained by it for the account of such Defaulting Lender.

(ii) fees pursuant to Section 3.3(b) hereof shall cease to accrue in favor of such Defaulting Lender.

(iii) if any Swing Loans are outstanding or any Letters of Credit (or drawings under any Letter of Credit for which Issuer has not been reimbursed) are outstanding or exist at the time any such Lender holding a Revolving Commitment becomes a Defaulting Lender, then:

(A) Defaulting Lender's Participation Commitment in the outstanding Swing Loans and of the Maximum Undrawn Amount of all outstanding Letters of Credit shall be reallocated among Non-Defaulting Lenders holding Revolving Commitments in proportion to the respective Revolving Commitment Percentages of such Non-Defaulting Lenders to the extent (but only to the extent) that (x) such reallocation does not cause the aggregate sum of outstanding Revolving Advances made by any such Non-Defaulting Lender holding a Revolving Commitment plus such Lender's reallocated Participation Commitment in

the outstanding Swing Loans plus such Lender's reallocated Participation Commitment in the aggregate Maximum Undrawn Amount of all outstanding Letters of Credit to exceed the Revolving Commitment Amount of any such Non-Defaulting Lender, and (y) no Default or Event of Default has occurred and is continuing at such time;

(B) if the reallocation described in clause (A) above cannot, or can only partially, be effected, Borrowers shall within one Business Day following notice by Agent (x) first, prepay any outstanding Swing Loans that cannot be reallocated, and (y) second, cash collateralize for the benefit of Issuer, Borrowers' obligations corresponding to such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit (after giving effect to any partial reallocation pursuant to clause (A) above) in accordance with Section 3.2(b) for so long as such Obligations are outstanding;

(C) if Borrowers cash collateralize any portion of such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit pursuant to clause (B) above, Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.2(a) with respect to such Defaulting Lender's Revolving Commitment Percentage of Maximum Undrawn Amount of all Letters of Credit during the period such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit are cash collateralized;

(D) if Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is reallocated pursuant to clause (A) above, then the fees payable to Lenders holding Revolving Commitments pursuant to Section 3.2(a) shall be adjusted and reallocated to Non-Defaulting Lenders holding Revolving Commitments in accordance with such reallocation; and

(E) if all or any portion of such Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is neither reallocated nor cash collateralized pursuant to clauses (A) or (B) above, then, without prejudice to any rights or remedies of Issuer or any other Lender hereunder, all Letter of Credit Fees payable under Section 3.2(a) with respect to such Defaulting Lender's Revolving Commitment Percentage of the Maximum Undrawn Amount of all Letters of Credit shall be payable to the Issuer (and not to such Defaulting Lender) until (and then only to the extent that) such Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit is reallocated and/or cash collateralized; and

(F) so long as any Lender holding a Revolving Commitment is a Defaulting Lender, Swing Loan Lender shall not be required to fund any Swing Loans and Issuer shall not be required to issue, amend or increase any Letter of Credit, unless such Issuer is satisfied that the related exposure and Defaulting Lender's Participation Commitment in the Maximum Undrawn Amount of all Letters of Credit and all Swing Loans (after giving effect to any such issuance, amendment, increase or funding) will be fully allocated to Non-Defaulting Lenders holding Revolving Commitments and/or cash collateral for such Letters of Credit will be provided by Borrowers in accordance with clause (A) and (B) above, and participating interests in any newly made Swing Loan or any newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.22(b)(iii)(A) above (and such Defaulting Lender shall not participate therein).

(c) A Defaulting Lender shall not be entitled to give instructions to Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement and the Other Documents, and all amendments, waivers and other modifications of this Agreement and the Other Documents may be made without regard to a Defaulting Lender and, for purposes of the definition of "Required Lenders", a Defaulting Lender shall not be deemed to be a Lender, to have any outstanding Advances or a Revolving Commitment Percentage, Term Loan Commitment Percentage or Equipment Loan Commitment Percentage; provided, that this clause (c) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification described in clauses (i) or (ii) of Section 16.2(b).

(d) Other than as expressly set forth in this Section 2.22, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agent) and the other parties hereto shall remain unchanged. Nothing in this Section 2.22 shall be deemed to release any Defaulting Lender from its obligations under this Agreement and the Other Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which any Borrower, Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event that Agent, Borrowers, Swing Loan Lender and Issuer agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then Agent will so notify the parties hereto, and, if such cured Defaulting Lender is a Lender holding a Revolving Commitment, then Participation Commitments of Lenders holding Revolving Commitments (including such cured Defaulting Lender) of the Swing Loans and Maximum Undrawn Amount of all outstanding Letters of Credit shall be reallocated to reflect the inclusion of such Lender's Revolving Commitment, and on such date such Lender shall purchase at par such of the Revolving Advances of the other Lenders as Agent shall determine may be necessary in order for such Lender to hold such Revolving Advances in accordance with its Revolving Commitment Percentage.

(f) If Swing Loan Lender or Issuer has a good faith belief that any Lender holding a Revolving Commitment has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, Swing Loan Lender shall not be required to fund any Swing Loans and Issuer shall not be required to issue, amend or increase any Letter of Credit, unless Swing Loan Lender or Issuer, as the case may be, shall have entered into arrangements with Borrowers or such Lender, satisfactory to Swing Loan Lender or Issuer, as the case may be, to defease any risk to it in respect of such Lender hereunder.

2.23. Payment of Obligations. Agent may charge to Borrowers' Account as a Revolving Advance or, at the discretion of Swing Loan Lender, as a Swing Loan (i) all payments with respect to any of the Obligations required hereunder (including without limitation principal payments, payments of interest, payments of Letter of Credit Fees and all other fees provided for hereunder and payments under Sections 16.5 and 16.9) as and when each such payment shall become due and payable (whether as regularly scheduled, upon or after acceleration, upon maturity or otherwise), (ii) without limiting the generality of the foregoing clause (i), (a) all

amounts expended by Agent or any Lender pursuant to Sections 4.2 or 4.3 hereof and (b) all expenses which Agent incurs in connection with the forwarding of Advance proceeds and the establishment and maintenance of any Blocked Accounts or Depository Accounts as provided for in Section 4.8(h), and (iii) any sums expended by Agent or any Lender due to any Borrower's failure to perform or comply with its obligations under this Agreement or any Other Document including any Borrower's obligations under Sections 3.3, 3.4, 4.4, 4.7, 6.4, 6.6, 6.7 and 6.8 hereof, and all amounts so charged shall be added to the Obligations and shall be secured by the Collateral. To the extent Revolving Advances are not actually funded by the other Lenders in respect of any such amounts so charged, all such amounts so charged shall be deemed to be Revolving Advances made by and owing to Agent and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender under this Agreement and the Other Documents with respect to such Revolving Advances.

III. INTEREST AND FEES.

3.1. Interest. Interest on Advances shall be payable in arrears on the first day of each month with respect to Domestic Rate Loans and, with respect to LIBOR Rate Loans, at (a) the end of each Interest Period, and (b) for LIBOR Rate Loans with an Interest Period in excess of three months, at the end of each three month period during such Interest Period, provided further that all accrued and unpaid interest shall be due and payable at the end of the Term. Interest charges shall be computed on the actual principal amount of Advances outstanding during the month at a rate per annum equal to (i) with respect to Revolving Advances, the applicable Revolving Interest Rate and (ii) with respect to Swing Loans, the Revolving Interest Rate for Domestic Rate Loans and (iii) with respect to the Term Loan and Equipment Loans, the applicable Term Loan Rate (as applicable, the "Contract Rate"). Except as expressly provided otherwise in this Agreement, any Obligations other than the Advances that are not paid when due shall accrue interest at the Revolving Interest Rate for Domestic Rate Loans, subject to the provision of the final sentence of this Section 3.1 regarding the Default Rate. Whenever, subsequent to the date of this Agreement, the Alternate Base Rate is increased or decreased, the applicable Contract Rate shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the Alternate Base Rate during the time such change or changes remain in effect. The LIBOR Rate shall be adjusted with respect to LIBOR Rate Loans without notice or demand of any kind on the effective date of any change in the Reserve Percentage as of such effective date. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the option of Agent or at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party), (i) the Obligations other than LIBOR Rate Loans shall bear interest at the applicable Contract Rate for Domestic Rate Loans plus two percent (2%) per annum and (ii) LIBOR Rate Loans shall bear interest at the applicable Contract Rate for LIBOR Rate Loans plus two percent (2.00%) per annum (as applicable, the "Default Rate").

3.2. Letter of Credit Fees.

(a) Borrowers shall pay (x) to Agent, for the ratable benefit of Lenders holding Revolving Commitments, fees for each Letter of Credit for the period from and excluding the date of issuance of same to and including the date of expiration or termination,

equal to the average daily face amount of each outstanding Letter of Credit multiplied by the Applicable Margin for Revolving Advances consisting of LIBOR Rate Loans, such fees to be calculated on the basis of a 360-day year for the actual number of days elapsed and to be payable quarterly in arrears on the first day of each calendar quarter and on the last day of the Term, and (y) to Issuer, a fronting fee of one quarter of one percent (0.25%) per annum times the average daily face amount of each outstanding Letter of Credit for the period from and excluding the date of issuance of same to and including the date of expiration or termination, to be payable quarterly in arrears on the first day of each calendar quarter and on the last day of the Term. (all of the foregoing fees, the "Letter of Credit Fees"). In addition, Borrowers shall pay to Agent, for the benefit of Issuer, any and all administrative, issuance, amendment, payment and negotiation charges with respect to Letters of Credit and all fees and expenses as agreed upon by Issuer and the Borrowing Agent in connection with any Letter of Credit, including in connection with the opening, amendment or renewal of any such Letter of Credit and any acceptances created thereunder, all such charges, fees and expenses, if any, to be payable on demand. All such charges shall be deemed earned in full on the date when the same are due and payable hereunder and shall not be subject to rebate or pro-ration upon the termination of this Agreement for any reason. Any such charge in effect at the time of a particular transaction shall be the charge for that transaction, notwithstanding any subsequent change in Issuer's prevailing charges for that type of transaction. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the option of Agent or at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party), the Letter of Credit Fees described in clause (x) of this Section 3.2(a) shall be increased by an additional two percent (2.0%) per annum.

(b) At any time following the occurrence of an Event of Default, at the option of Agent or at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7, immediately and automatically upon the occurrence of such Event of Default, without the requirement of any affirmative action by any party), or upon the expiration of the Term or any other termination of this Agreement (and also, if applicable, in connection with any mandatory prepayment under Section 2.20), Borrowers will cause cash to be deposited and maintained in an account with Agent, as cash collateral, in an amount equal to one hundred and five percent (105%) of the Maximum Undrawn Amount of all outstanding Letters of Credit, and each Borrower hereby irrevocably authorizes Agent, in its discretion, on such Borrower's behalf and in such Borrower's name, to open such an account and to make and maintain deposits therein, or in an account opened by such Borrower, in the amounts required to be made by such Borrower, out of the proceeds of Receivables or other Collateral or out of any other funds of such Borrower coming into any Lender's possession at any time. Agent may, in its discretion, invest such cash collateral (less applicable reserves) in such short-term money-market items as to which Agent and such Borrower mutually agree (or, in the absence of such agreement, as Agent may reasonably select) and the net return on such investments shall be credited to such account and constitute additional cash collateral, or Agent may (notwithstanding the foregoing) establish the account provided for under this Section 3.2(b) as a non-interest bearing account and in such case Agent shall have no obligation (and Borrowers hereby waive any claim) under Article 9 of the Uniform Commercial Code or under any other Applicable Law to pay interest on such cash collateral being held by Agent. No Borrower may withdraw amounts credited to any such

account except upon the occurrence of all of the following: (x) payment and performance in full of all Obligations; (y) expiration of all Letters of Credit; and (z) termination of this Agreement. Borrowers hereby assign, pledge and grant to Agent, for its benefit and the ratable benefit of Issuer, Lenders and each other Secured Party, a continuing security interest in and to and Lien on any such cash collateral and any right, title and interest of Borrowers in any deposit account, securities account or investment account into which such cash collateral may be deposited from time to time to secure the Obligations, specifically including all Obligations with respect to any Letters of Credit. Borrowers agree that upon the coming due of any Reimbursement Obligations (or any other Obligations, including Obligations for Letter of Credit Fees) with respect to the Letters of Credit, Agent may use such cash collateral to pay and satisfy such Obligations.

3.3. Closing Fee and Facility Fee.

(a) Upon the execution of this Agreement, Borrowers shall pay to Agent for Agent's sole benefit and account a closing fee of $40,500.00 which is fully earned and non- refundable as of the Closing Date less that portion of the deposit heretofore paid by Borrowers to Agent, remaining after application of such fees to out of pocket costs and expenses.

(b) If, for any calendar quarter during the Term, the average daily unpaid balance of the sum of Revolving Advances plus Swing Loans plus the Maximum Undrawn Amount of all outstanding Letters of Credit for each day of such calendar quarter does not equal the Maximum Revolving Advance Amount, then Borrowers shall pay to Agent, for the ratable benefit of Lenders holding the Revolving Commitments based on their Revolving Commitment Percentages, a fee at a rate equal to 0.25% per annum on the amount by which the Maximum Revolving Advance Amount exceeds such average daily unpaid balance (the "Facility Fee"). Such Facility Fee shall be payable to Agent in arrears on the first day of each calendar quarter with respect to the previous calendar quarter and on the last day of the Term with respect to the period ending on the last day of the Term.

(c) If, for any calendar quarter during the Term, to the extent Equipment Loans are available hereunder, the average daily unpaid balance of the sum of Equipment Loans for each day of such calendar quarter does not equal the maximum amount of Equipment Loans available to be drawn, then Borrowers shall pay to Agent, for the ratable benefit of Lenders holding the Equipment Loan Commitments based on their Equipment Loan Commitment Percentages, a fee at a rate equal to 0.25% per annum on the amount by which the maximum amount of Equipment Loans available to be drawn exceeds such average daily unpaid balance (the "Equipment Facility Fee"). Such Equipment Facility Fee shall be payable to Agent in arrears on the first day of each calendar quarter with respect to the previous calendar quarter and on the last day of the Term with respect to the period ending on the last day of the Term.

3.4. Collateral Monitoring Fee and Collateral Evaluation Fee.

(a) Borrowers shall pay Agent a collateral monitoring fee equal to $1,000 per month commencing on the first day of the month following the Closing Date and on the first day of each month thereafter during the Term. The collateral monitoring fee shall be deemed earned in full on the date when same is due and payable hereunder and shall not be subject to rebate or proration upon termination of this Agreement for any reason.

(b) Borrowers shall pay to Agent promptly at the conclusion of any collateral evaluation performed by or for the benefit of Agent - namely any field examination, collateral analysis or other business analysis, the need for which is to be reasonably determined by Agent and which evaluation is undertaken by Agent or for Agent's benefit - a collateral evaluation fee in an amount equal to $1,000 (or such other amount customarily charged by Agent to its customers) per day for each person employed to perform such evaluation, plus a per examination manager review fee (whether such examination is performed by Agent's employees or by a third party retained by Agent) in the amount of $1,300 (or such other amount customarily charged by Agent to its customers, plus all costs and disbursements incurred by Agent in the performance of such examination or analysis, and further provided that if third parties are retained to perform such collateral evaluations, either at the request of another Lender or for extenuating reasons determined by Agent in its reasonable discretion, then such fees charged by such third parties plus all costs and disbursements incurred by such third party, shall be the responsibility of Borrower and shall not be subject to the foregoing limits, provided that, absent the occurrence and continuance of an Event of Default, Borrowers shall not be required to pay for more than three (3) collateral evaluations in any calendar year.

(c) All of the fees and out-of-pocket costs and expenses of any appraisals conducted pursuant to Section 4.7 hereof shall be paid for when due, in full and without deduction, off-set or counterclaim by Borrowers.

3.5. Computation of Interest and Fees. Interest and fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the applicable Contract Rate during such extension.

3.6. Maximum Charges. In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under Applicable Law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under Applicable Law: (i) the interest rates hereunder will be reduced to the maximum rate permitted under Applicable Law; (ii) such excess amount shall be first applied to any unpaid principal balance owed by Borrowers; and (iii) if the then remaining excess amount is greater than the previously unpaid principal balance, Lenders shall promptly refund such excess amount to Borrowers and the provisions hereof shall be deemed amended to provide for such permissible rate.

3.7. Increased Costs. In the event that any Applicable Law or any Change in Law or compliance by any Lender (for purposes of this Section 3.7, the term "Lender" shall include Agent, Swing Loan Lender, any Issuer or Lender and any corporation or bank controlling Agent, Swing Loan Lender, any Lender or Issuer and the office or branch where Agent, Swing Loan Lender, any Lender or Issuer (as so defined) makes or maintains any LIBOR Rate Loans) with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority, shall:

(a) subject Agent, Swing Loan Lender, any Lender or Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a

Letter of Credit or any LIBOR Rate Loan, or change the basis of taxation of payments to Agent, Swing Loan Lender, such Lender or Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.10 and the imposition of, or any change in the rate of, any Excluded Tax payable by Agent, Swing Loan Lender, such Lender or the Issuer);

(b) impose, modify or deem applicable any reserve, special deposit, assessment, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of Agent, Swing Loan Lender, Issuer or any Lender, including pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on Agent, Swing Loan Lender, any Lender or Issuer or the London interbank LIBOR market any other condition, loss or expense (other than Taxes) affecting this Agreement or any Other Document or any Advance made by any Lender, or any Letter of Credit or participation therein;

and the result of any of the foregoing is to increase the cost to Agent, Swing Loan Lender, any Lender or Issuer of making, converting to, continuing, renewing or maintaining its Advances hereunder by an amount that Agent, Swing Loan Lender, such Lender or Issuer deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Advances by an amount that Agent, Swing Loan Lender or such Lender or Issuer deems to be material, then, in any case Borrowers shall promptly pay Agent, Swing Loan Lender, such Lender or Issuer, upon its demand, such additional amount as will compensate Agent, Swing Loan Lender or such Lender or Issuer for such additional cost or such reduction, as the case may be, provided that (i) the foregoing shall not apply to increased costs which are reflected in the LIBOR Rate, as the case may be and (ii) Borrowers shall not be required to compensate a Lender or Issuer pursuant to this Section 3.7 for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender notifies Borrowing Agent of the event giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the event giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof). Agent, Swing Loan Lender, such Lender or Issuer shall document, certify and provide evidence of the amount of such additional cost or reduced amount to Borrowing Agent, and such certification shall be conclusive absent manifest error.

Notwithstanding any other provision of this Section 3.7, no Lender or Issuer shall demand compensation pursuant to this Section 3.7, and the Borrowers shall not be required to compensate any such Lender or Issuer, if it shall not at the time be the general policy or practice of such Lender or Issuer, as the case may be, to demand such compensation in similar circumstances under comparable provisions of other credit agreements to which it is a party in amounts that are substantially similar, on a pro rata basis based upon the loan amount under such other credit agreements, to the compensation amounts paid by borrowers under such other credit agreements.

3.8. Basis For Determining Interest Rate Inadequate or Unfair. In the event that Agent or any Lender shall have determined that:

(a) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.2 hereof for any Interest Period; or

(b) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Domestic Rate Loan into a LIBOR Rate Loan; or

(c) the making, maintenance or funding of any LIBOR Rate Loan has been made impracticable or unlawful by compliance by Agent or such Lender in good faith with any Applicable Law or any interpretation or application thereof by any Governmental Body or with any request or directive of any such Governmental Body (whether or not having the force of law), or

(d) the LIBOR Rate will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any LIBOR Rate Loan,

then Agent shall give Borrowing Agent prompt written or telephonic notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Domestic Rate Loan, unless Borrowing Agent shall notify Agent no later than 1:00 p.m. two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Domestic Rate Loan or LIBOR Rate Loan which was to have been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into an unaffected type of LIBOR Rate Loan, on the last Business Day of the then current Interest Period for such affected LIBOR Rate Loans (or sooner, if any Lender cannot continue to lawfully maintain such affected LIBOR Rate Loan). Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and no Borrower shall have the right to convert a Domestic Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

3.9. Capital Adequacy.

(a) In the event that Agent, Swing Loan Lender or any Lender shall have determined that any Applicable Law or guideline regarding capital adequacy, or any Change in Law or any change in the interpretation or administration thereof by any Governmental Body, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Agent, Swing Loan Lender, Issuer or any Lender (for purposes of this Section 3.9, the term “Lender” shall include Agent, Swing Loan Lender, Issuer or any Lender and any corporation or bank controlling Agent, Swing Loan Lender or any Lender and the office or branch where Agent, Swing Loan Lender or any Lender (as so defined) makes or maintains any

LIBOR Rate Loans) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on Agent, Swing Loan Lender or any Lender's capital as a consequence of its obligations hereunder (including the making of any Swing Loans) to a level below that which Agent, Swing Loan Lender or such Lender could have achieved but for such adoption, change or compliance (taking into consideration Agent's, Swing Loan Lender's and each Lender's policies with respect to capital adequacy) by an amount deemed by Agent, Swing Loan Lender or any Lender to be material, then, from time to time, Borrowers shall pay upon demand to Agent, Swing Loan Lender or such Lender such additional amount or amounts as will compensate Agent, Swing Loan Lender or such Lender for such reduction, provided that Borrowers shall not be required to compensate a Lender pursuant to this Section 3.9 for any reductions suffered more than 180 days prior to the date that such Lender notifies Borrowing Agent of the event giving rise to such reductions and of such Lender's intention to claim compensation therefor (except that, if the event giving rise to such reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof). In determining such amount or amounts, Agent, Swing Loan Lender or such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.9 shall be available to Agent, Swing Loan Lender and each Lender regardless of any possible contention of invalidity or inapplicability with respect to the Applicable Law, rule, regulation, guideline or condition.

(b) Agent, Swing Loan Lender or such Lender will provide documentation, certification and evidence setting forth such amount or amounts as shall be necessary to compensate Agent, Swing Loan Lender or such Lender with respect to Section 3.9(a) hereof, which when delivered to Borrowing Agent shall be conclusive absent manifest error.

(c) Notwithstanding any other provision of this Section 3.9, no Lender shall demand compensation pursuant to this Section 3.9, and the Borrowers shall not be required to compensate any such Lender, if it shall not at the time be the general policy or practice of such Lender to demand such compensation in similar circumstances under comparable provisions of other credit agreements to which it is a party in amounts that are substantially similar, on a pro rata basis based upon the loan amount under such other credit agreements, to the compensation amounts paid by borrowers under such other credit agreements.

3.10. Taxes.

(a) Any and all payments by or on account of any Obligations hereunder or under any Other Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if Borrowers shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) Agent, Swing Loan Lender, Lender, Issuer or Participant, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrowers shall make such deductions and (iii) Borrowers shall timely pay the full amount deducted to the relevant Governmental Body in accordance with Applicable Law.

(b) Without limiting the provisions of Section 3.10(a) above, Borrowers shall timely pay any Other Taxes to the relevant Governmental Body in accordance with Applicable Law.

(c) Each Borrower shall indemnify Agent, Swing Loan Lender, each Lender, Issuer and any Participant, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Agent, Swing Loan Lender, such Lender, Issuer, or such Participant, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Body. A certificate as to the amount of such payment or liability delivered to Borrowers by any Lender, Swing Loan Lender, Participant, or Issuer (with a copy to Agent), or by Agent on its own behalf or on behalf of Swing Loan Lender, a Lender or Issuer, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Body, Borrowers shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower is resident for tax purposes, or under any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any Other Document shall deliver to Borrowers (with a copy to Agent), at the time or times prescribed by Applicable Law or reasonably requested by Borrowers or Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. Notwithstanding the submission of such documentation claiming a reduced rate of or exemption from U.S. withholding tax, Agent shall be entitled to withhold United States federal income taxes at the full 30% withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under § 1.1441-7(b) of the United States Income Tax Regulations or other Applicable Law. Further, Agent is indemnified under § 1.1461-1(e) of the United States Income Tax Regulations against any claims and demands of any Lender, Issuer or assignee or participant of a Lender or Issuer for the amount of any tax it deducts and withholds in accordance with regulations under § 1441 of the Code. In addition, any Lender, if requested by Borrowers or Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrowers or Agent as will enable Borrowers or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Without limiting the generality of the foregoing, in the event that any Borrower is resident for tax purposes in the United States of America, any Foreign Lender (or other Lender) shall deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender (or other Lender) becomes a Lender under this Agreement (and from time to time thereafter upon the request of Borrowers or Agent, but only if such Foreign Lender (or other Lender) is legally entitled to do so), whichever of the following is applicable:

(i) two (2) duly completed valid originals of IRS Form W-8BEN or W-8BEN-E claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(ii) two (2) duly completed valid originals of IRS Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of Borrowers within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) two duly completed valid originals of IRS Form W-8BEN or W-8BEN-E,

(iv) any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrowers to determine the withholding or deduction required to be made, or

(v) To the extent that any Lender is not a Foreign Lender, such Lender shall submit to Agent two (2) originals of an IRS Form W-9 or any other form prescribed by Applicable Law demonstrating that such Lender is not a Foreign Lender.

(f) If a payment made to a Lender, Swing Loan Lender, Participant, Issuer, or Agent under this Agreement or any Other Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Person fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender, Swing Loan Lender, Participant, Issuer, or Agent shall deliver to the Agent (in the case of Swing Loan Lender, a Lender, Participant or Issuer) and Borrowers (A) a certification signed by the chief financial officer, principal accounting officer, treasurer or controller of such Person, and (B) other documentation reasonably requested by Agent or any Borrower sufficient for Agent and Borrowers to comply with their obligations under FATCA and to determine that Swing Loan Lender, such Lender, Participant, Issuer, or Agent has complied with such applicable reporting requirements.

3.11. Replacement of Lenders. If any Lender (an "Affected Lender") (a) makes demand upon Borrowers for (or if Borrowers are otherwise required to pay) amounts pursuant to Section 3.7 or 3.9 hereof, (b) is unable to make or maintain LIBOR Rate Loans as a result of a condition described in Section 2.2(h) hereof, (c) is a Defaulting Lender, or (d) denies any consent requested by the Agent pursuant to Section 16.2(b) hereof, Borrowers may, within ninety (90) days of receipt of such demand, notice (or the occurrence of such other event causing Borrowers to be required to pay such compensation or causing Section 2.2(h) hereof to be applicable), or such Lender becoming a Defaulting Lender or denial of a request by Agent pursuant to Section 16.2(b) hereof, as the case may be, by notice in writing to the Agent and such Affected Lender (i) request the Affected Lender to cooperate with Borrowers in obtaining a replacement Lender satisfactory to Agent and Borrowers (the "Replacement Lender"); (ii) request the non-Affected Lenders to acquire and assume all of the Affected Lender's Advances and its Revolving Commitment Percentage, Term Loan Commitment Percentages and/or Equipment Loan

Commitment Percentages, as applicable, as provided herein, but none of such Lenders shall be under any obligation to do so; or (iii) propose a Replacement Lender subject to approval by Agent in its good faith business judgment. If any satisfactory Replacement Lender shall be obtained, and/or if any one or more of the non-Affected Lenders shall agree to acquire and assume all of the Affected Lender's Advances and its Revolving Commitment Percentage, Term Loan Commitment Percentages and/or Equipment Loan Commitment Percentages, as applicable, then such Affected Lender shall assign, in accordance with Section 16.3 hereof, all of its Advances and its Revolving Commitment Percentage, Term Loan Commitment Percentages and/or Equipment Loan Commitment Percentages, as applicable, and other rights and obligations under this Agreement and the Other Documents to such Replacement Lender or non-Affected Lenders, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, *plus* all other Obligations then due and payable to the Affected Lender.

IV. COLLATERAL: GENERAL TERMS

4.1. Security Interest in the Collateral. To secure the prompt payment and performance to Agent, Issuer and each Lender (and each other holder of any Obligations) of the Obligations, each Borrower hereby assigns, pledges and grants to Agent for its benefit and for the ratable benefit of each Lender, Issuer and each other Secured Party, a continuing security interest in and to and Lien on all of its Collateral, whether now owned or existing or hereafter created, acquired or arising and wheresoever located. Each Borrower shall mark its books and records as may be necessary or appropriate to evidence, protect and perfect Agent's security interest and shall cause its financial statements to reflect such security interest. Each Borrower shall provide Agent with written notice of all commercial tort claims claiming damages in excess of $250,000 promptly upon the occurrence of any events giving rise to any such claim(s) (regardless of whether legal proceedings have yet been commenced), such notice to contain a brief description of the claim(s), the events out of which such claim(s) arose and the parties against which such claims may be asserted and, if applicable in any case where legal proceedings regarding such claim(s) have been commenced, the case title together with the applicable court and docket number. Upon delivery of each such notice, such Borrower shall be deemed to thereby grant to Agent a security interest and lien in and to such commercial tort claims described therein and all proceeds thereof. Each Borrower shall provide Agent with written notice promptly upon becoming the beneficiary under any letter of credit or otherwise obtaining any right, title or interest in any letter of credit rights, and at Agent's request shall take such actions as Agent may reasonably request for the perfection of Agent's security interest therein.

4.2. Perfection of Security Interest. Each Borrower shall take all action that Agent requests, so as at all times to maintain the validity, perfection, enforceability and priority of Agent's security interest in and Lien on the Collateral or to enable Agent to protect, exercise or enforce its rights hereunder and in the Collateral, including, but not limited to, (i) immediately discharging all Liens other than Permitted Encumbrances, (ii) obtaining Lien Waiver Agreements, (iii) delivering to Agent, endorsed or accompanied by such instruments of assignment as Agent may specify, and stamping or marking, in such manner as Agent may specify, any and all chattel paper, instruments, letters of credits and advices thereof and documents evidencing or forming a part of the Collateral, (iv) entering into warehousing, lockbox, customs and freight agreements and other custodial arrangements satisfactory to Agent,

and (v) executing and delivering financing statements, control agreements, instruments of pledge, mortgages, notices and assignments, in each case in form and substance satisfactory to Agent, relating to the creation, validity, perfection, maintenance or continuation of Agent's security interest and Lien under the Uniform Commercial Code or other Applicable Law. By its signature hereto, each Borrower hereby authorizes Agent to file against such Borrower, one or more financing, continuation or amendment statements pursuant to the Uniform Commercial Code in form and substance satisfactory to Agent (which statements may have a description of collateral which is broader than that set forth herein, including without limitation a description of Collateral as "all assets" and/or "all personal property" of any Borrower). All reasonable charges, expenses and fees Agent may incur in doing any of the foregoing, and any local taxes relating thereto, shall be charged to Borrowers' Account as a Revolving Advance of a Domestic Rate Loan and added to the Obligations, or, at Agent's option, shall be paid by Borrowers to Agent for its benefit and for the ratable benefit of Lenders immediately upon demand.

4.3. Preservation of Collateral. Following the occurrence of a Default or Event of Default, in addition to the rights and remedies set forth in Section 11.1 hereof, Agent: (a) may at any time take such steps as Agent deems necessary to protect Agent's interest in and to preserve the Collateral, including the hiring of security guards or the placing of other security protection measures as Agent may deem appropriate; (b) may employ and maintain at any of any Borrower's premises a custodian who shall have full authority to do all acts necessary to protect Agent's interests in the Collateral; (c) may lease warehouse facilities to which Agent may move all or part of the Collateral; (d) may use any Borrower's owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; and (e) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any of Borrowers' owned or leased property. Each Borrower shall cooperate fully with all of Agent's efforts to preserve the Collateral and will take such reasonable actions to preserve the Collateral as Agent may direct. All of Agent's expenses of preserving the Collateral under this Section 4.3, including any expenses relating to the bonding of a custodian, shall be charged to Borrowers' Account as a Revolving Advance maintained as a Domestic Rate Loan and added to the Obligations.

4.4. Ownership and Location of Collateral.

(a) With respect to the Collateral, at the time the Collateral becomes subject to Agent's security interest: (i) each Borrower shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest in each and every item of its respective Collateral to Agent; and, except for Permitted Encumbrances the Collateral shall be free and clear of all Liens whatsoever; (ii) each document and agreement executed by each Borrower or delivered to Agent or any Lender in connection with this Agreement shall be true and correct in all respects; (iii) all signatures and endorsements of each Borrower that appear on such documents and agreements shall be genuine and each Borrower shall have full capacity to execute same; and (iv) each Borrower's equipment and Inventory shall be located as set forth on Schedule 4.4, as such Schedule may be updated from time to time, and shall not be removed from such location(s) without the prior written consent of Agent except with respect to the sale of Inventory in the Ordinary Course of Business and equipment to the extent permitted in Section 7.1(b) hereof.

(b) (i) There is no location at which any Borrower has any Inventory (except for Inventory in transit) or other Collateral other than those locations listed on Schedule 4.4(b)(i); (ii) Schedule 4.4(b)(ii) hereto contains a correct and complete list, as of the Closing Date, of the legal names and addresses of each warehouse at which Inventory of any Borrower is stored; none of the receipts received by any Borrower from any warehouse states that the goods covered thereby are to be delivered to bearer or to the order of a named Person or to a named Person and such named Person's assigns; (iii) Schedule 4.4(b)(iii) hereto sets forth a correct and complete list as of the Closing Date of (A) each place of business of each Borrower and (B) the chief executive office of each Borrower; and (iv) Schedule 4.4(b)(iv) hereto sets forth a correct and complete list as of the Closing Date of the location, by state and street address, of all Real Property owned or leased by each Borrower, identifying which properties are owned and which are leased, together with the names and addresses of any landlords.

4.5. Defense of Agent's and Lenders' Interests. Until (a) payment and performance in full of all of the Obligations and (b) termination of this Agreement, Agent's interests in the Collateral shall continue in full force and effect. During such period no Borrower shall, without Agent's prior written consent, pledge, sell (except for sales or other dispositions otherwise permitted in Section 7.1(b) hereof), assign, transfer, create or suffer to exist a Lien upon or encumber or allow or suffer to be encumbered in any way except for Permitted Encumbrances, any part of the Collateral. Each Borrower shall defend Agent's interests in the Collateral against any and all Persons whatsoever. At any time following demand by Agent for payment of all Obligations, Agent shall have the right to take possession of the indicia of the Collateral and the Collateral in whatever physical form contained, including: labels, stationery, documents, instruments and advertising materials. If Agent exercises this right to take possession of the Collateral, Borrowers shall, upon demand, assemble it in the best manner possible and make it available to Agent at a place reasonably convenient to Agent. In addition, with respect to all Collateral, Agent and Lenders shall be entitled to all of the rights and remedies set forth herein and further provided by the Uniform Commercial Code or other Applicable Law. Each Borrower shall, and Agent may, at its option, instruct all suppliers, carriers, forwarders, warehousers or others receiving or holding cash, checks, Inventory, documents or instruments in which Agent holds a security interest to deliver same to Agent and/or subject to Agent's order and if they shall come into any Borrower's possession, they, and each of them, shall be held by such Borrower in trust as Agent's trustee, and such Borrower will immediately deliver them to Agent in their original form together with any necessary endorsement.

4.6. Inspection of Premises. At all reasonable times and from time to time as often as Agent shall elect in its reasonable discretion, Agent and each Lender shall have full access to and the right to audit, check, inspect and make abstracts and copies from each Borrower's books, records, audits, correspondence and all other papers relating to the Collateral and the operation of each Borrower's business. Agent, any Lender and their agents may enter upon any premises of any Borrower at any time during business hours and at any other reasonable time, and from time to time as often as Agent shall elect in its reasonable discretion, for the purpose of inspecting the Collateral and any and all records pertaining thereto and the operation of such Borrower's business.

4.7. Appraisals. Agent may, in its reasonable discretion, exercised in a commercially reasonable manner, at any time after the Closing Date and from time to time, engage the services

of an independent appraisal firm or firms of reputable standing, satisfactory to Agent, for the purpose of appraising the then current values of Borrowers' assets. Absent the occurrence and continuance of an Event of Default at such time, Agent shall consult with Borrowers as to the identity of any such firm and Borrowers shall not be required to pay for more than one (1) appraisal in any calendar year. In the event the value of Borrowers' Inventory or equipment, as so determined pursuant to such appraisal, is less than anticipated by Agent or Lenders, such that the Revolving Advances are in excess of such Advances permitted hereunder, then, promptly upon Agent's demand for same, Borrowers shall make mandatory prepayments of the then outstanding Revolving Advances so as to eliminate the excess Advances.

4.8. Receivables; Deposit Accounts and Securities Accounts.

(a) Each of the Receivables shall be a bona fide and valid account representing a bona fide indebtedness incurred by the Customer therein named, for a fixed sum as set forth in the invoice relating thereto (provided immaterial or unintentional invoice errors shall not be deemed to be a breach hereof) with respect to an absolute sale (which may be subject to Charge-Backs) or lease and delivery of goods upon stated terms of a Borrower, or work, labor or services theretofore rendered by a Borrower as of the date each Receivable is created. Same shall be due and owing in accordance with the applicable Borrower's standard terms of sale without dispute, setoff or counterclaim except as may be stated on the accounts receivable schedules delivered by Borrowers to Agent.

(b) Each Customer, to the best of each Borrower's knowledge, as of the date each Receivable is created, is and will be solvent and able to pay all Receivables on which the Customer is obligated in full when due. With respect to such Customers of any Borrower who are not solvent, such Borrower has set up on its books and in its financial records bad debt reserves adequate to cover such Receivables.

(c) Each Borrower's chief executive office is located as set forth on Schedule 4.4(b)(iii). Until written notice is given to Agent by Borrowing Agent of any other office at which any Borrower keeps its records pertaining to Receivables, all such records shall be kept at such executive office.

(d) Borrowers shall instruct their Customers to deliver all remittances upon Receivables (whether paid by check or by wire transfer of funds) to such Blocked Account(s) and/or Depository Accounts (and any associated lockboxes) as Agent shall designate from time to time as contemplated by Section 4.8(h) or as otherwise agreed to from time to time by Agent. Notwithstanding the foregoing, to the extent any Borrower directly receives any remittances upon Receivables, such Borrower shall, at such Borrower's sole cost and expense, but on Agent's behalf and for Agent's account, collect as Agent's property and in trust for Agent all amounts received on Receivables, and shall not commingle such collections with any Borrower's funds or use the same except to pay Obligations, and shall as soon as possible and in any event no later than one (1) Business Day after the receipt thereof (i) in the case of remittances paid by check, deposit all such remittances in their original form (after supplying any necessary endorsements) and (ii) in the case of remittances paid by wire transfer of funds, transfer all such remittances, in each case, into such Blocked Accounts(s) and/or Depository Account(s). Each Borrower shall deposit in the Blocked Account and/or Depository Account or, upon request by Agent, deliver to Agent, in original form and on the date of receipt thereof, all checks, drafts, notes, money orders, acceptances, cash and other evidences of Indebtedness.

(e) Effective upon the occurrence and during the continuance of an Event of Default, Agent shall have the right to send notice of the assignment of, and Agent's security interest in and Lien on, the Receivables to any and all Customers or any third party holding or otherwise concerned with any of the Collateral. Thereafter, Agent shall have the sole right to collect the Receivables, take possession of the Collateral, or both. Agent's actual collection expenses, including, but not limited to, stationery and postage, telephone, facsimile, telegraph, secretarial and clerical expenses and the salaries of any collection personnel used for collection, may be charged to Borrowers' Account and added to the Obligations.

(f) Agent shall have the right to receive, endorse, assign and/or deliver in the name of Agent or any Borrower any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and each Borrower hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. Each Borrower hereby constitutes Agent or Agent's designee as such Borrower's attorney with power (i) at any time: (A) to endorse such Borrower's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral; (B) to sign such Borrower's name on any invoice or bill of lading relating to any of the Receivables, drafts against Customers, assignments and verifications of Receivables; (C) to send verifications of Receivables to any Customer; and (D) to sign such Borrower's name on all financing statements or any other documents or instruments deemed necessary or appropriate by Agent to preserve, protect, or perfect Agent's interest in the Collateral and to file same; and (ii) at any time following the occurrence of a Default or an Event of Default: (A) to demand payment of the Receivables; (B) to enforce payment of the Receivables by legal proceedings or otherwise; (C) to exercise all of such Borrower's rights and remedies with respect to the collection of the Receivables and any other Collateral; (D) to sue upon or otherwise collect, extend the time of payment of, settle, adjust, compromise, extend or renew the Receivables; (E) to settle, adjust or compromise any legal proceedings brought to collect Receivables; (F) to prepare, file and sign such Borrower's name on a proof of claim in bankruptcy or similar document against any Customer; (G) to prepare, file and sign such Borrower's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables; (H) to accept the return of goods represented by any of the Receivables; (I) to change the address for delivery of mail addressed to any Borrower to such address as Agent may designate; (J) to receive, open and dispose of all mail addressed to any Borrower at any post office box/lockbox maintained by Agent for Borrowers or at any other business premises of Agent (other than in connection with maintenance of a lockbox and related cash management services) and (K) to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or of law, unless done maliciously or with gross (not mere) negligence (as determined by a court of competent jurisdiction in a final non-appealable judgment); this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid.

(g) Neither Agent nor any Lender shall, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in

the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom, unless done with willful misconduct or gross (not mere) negligence (as determined by a court of competent jurisdiction in a final non- appealable judgment).

(h) All proceeds of Collateral shall be deposited by Borrowers into either (i) a lockbox account, dominion account or such other "blocked account" ("Blocked Accounts") established at a bank or banks (each such bank, a "Blocked Account Bank") pursuant to an arrangement with such Blocked Account Bank as may be acceptable to Agent or (ii) depository accounts ("Depository Accounts") established at Agent for the deposit of such proceeds. Each applicable Borrower, Agent and each Blocked Account Bank shall enter into a deposit account control agreement in form and substance satisfactory to Agent that is sufficient to give Agent "control" (for purposes of Articles 8 and 9 of the Uniform Commercial Code) over such accounts and which directs such Blocked Account Bank to transfer such funds so deposited on a daily basis or at other times acceptable to Agent to Agent, either to any account maintained by Agent at said Blocked Account Bank or by wire transfer to appropriate account(s) at Agent. All funds deposited in such Blocked Accounts or Depository Accounts shall immediately become subject to the security interest of Agent for its own benefit and the ratable benefit of Issuer, Lenders and all other holders of the Obligations, and Borrowing Agent shall obtain the agreement by such Blocked Account Bank to waive any offset rights against the funds so deposited. Neither Agent nor any Lender assumes any responsibility for such blocked account arrangement, including any claim of accord and satisfaction or release with respect to deposits accepted by any Blocked Account Bank thereunder. Agent shall apply all funds received by it from the Blocked Accounts and/or Depository Accounts to the satisfaction of the Obligations (including the cash collateralization of the Letters of Credit) in such order as Agent shall determine in its reasonable discretion, provided that, in the absence of any Event of Default, Agent shall apply all such funds representing collection of Receivables first to the prepayment of the principal amount of the Swing Loans, if any, and then to the Revolving Advances. Notwithstanding the foregoing, Borrowers may maintain account numbers and at Bank of America; provided, however, the balance in each account shall not exceed $100,000 at any time.

(i) No Borrower will, without Agent's consent, compromise or adjust any material amount of the Receivables (or extend the time for payment thereof) or accept any material returns of merchandise or grant any additional discounts, allowances or credits thereon except for those compromises, adjustments, returns, discounts, credits and allowances as have been heretofore customary in the Ordinary Course of Business of such Borrower.

(j) All deposit accounts (including all Blocked Accounts and Depository Accounts), securities accounts and investment accounts of each Borrower and its Subsidiaries as of the Closing Date are set forth on Schedule 4.8(j). No Borrower shall open any new deposit account, securities account or investment account unless (i) Borrowers shall have given at least thirty (30) days prior written notice to Agent and (ii) if such account is to be maintained with a bank, depository institution or securities intermediary that is not the Agent, such bank, depository institution or securities intermediary, each applicable Borrower and Agent shall first have entered into an account control agreement in form and substance satisfactory to Agent sufficient to give Agent "control" (for purposes of Articles 8 and 9 of the Uniform Commercial Code) over such account.

4.9. Inventory. To the extent Inventory held for sale or lease has been produced by any Borrower, it has been and will be produced by such Borrower in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder.

4.10. Maintenance of Equipment. Borrowers' equipment shall be maintained in good operating condition and repair (reasonable wear and tear excepted) and all necessary replacements of and repairs thereto shall be made so that the value and operating efficiency of the equipment shall be maintained and preserved. No Borrower shall use or operate its equipment in violation of any law, statute, ordinance, code, rule or regulation.

4.11. Exculpation of Liability. Nothing herein contained shall be construed to constitute Agent or any Lender as any Borrower's agent for any purpose whatsoever, nor shall Agent or any Lender be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. Neither Agent nor any Lender, whether by anything herein or in any assignment or otherwise, assume any of any Borrower's obligations under any contract or agreement assigned to Agent or such Lender, and neither Agent nor any Lender shall be responsible in any way for the performance by any Borrower of any of the terms and conditions thereof.

4.12. Financing Statements. Except as respects the financing statements filed by Agent, financing statements described on Schedule 1.2, and financing statements filed in connection with Permitted Encumbrances, no financing statement covering any of the Collateral or any proceeds thereof is or will be on file in any public office.

V. REPRESENTATIONS AND WARRANTIES.

Each Borrower represents and warrants as follows:

5.1. Authority. Each Borrower has full power, authority and legal right to enter into this Agreement and the Other Documents to which it is a party and to perform all its respective Obligations hereunder and thereunder. This Agreement and the Other Documents to which it is a party have been duly executed and delivered by each Borrower, and this Agreement and the Other Documents to which it is a party constitute the legal, valid and binding obligation of such Borrower enforceable in accordance with their terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Agreement and of the Other Documents to which it is a party (a) are within such Borrower's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, are not in contravention of law or the terms of such Borrower's Organizational Documents or to the conduct of such Borrower's business or of any Material Contract or undertaking to which such Borrower is a party or by which such Borrower is bound, (b) will not conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body, any party to a Material Contract or any other Person, except those Consents set forth on Schedule 5.1 hereto, all of which will have been duly obtained, made or compiled prior to the Closing Date and which are in full force and effect and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted

Encumbrances upon any asset of such Borrower under the provisions of any agreement, instrument, or other document to which such Borrower is a party or by which it or its property is a party or by which it may be bound.

5.2. Formation and Qualification.

(a) Each Borrower is duly incorporated or formed, as applicable, and in good standing under the laws of the state listed on Schedule 5.2(a) and is qualified to do business and is in good standing in the states listed on Schedule 5.2(a) which constitute all states in which qualification and good standing are necessary for such Borrower to conduct its business and own its property and where the failure to so qualify could reasonably be expected to have a Material Adverse Effect on such Borrower. Each Borrower has delivered to Agent true and complete copies of its Organizational Documents and will promptly notify Agent of any amendment or changes thereto.

(b) The only Subsidiaries of each Borrower are listed on Schedule 5.2(b).

5.3. Survival of Representations and Warranties. All representations and warranties of such Borrower contained in this Agreement and the Other Documents to which it is a party shall be true at the time of such Borrower's execution of this Agreement and the Other Documents to which it is a party, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

5.4. Tax Returns. Each Borrower's federal tax identification number is set forth on Schedule 5.4. Each Borrower has filed all federal, state and local tax returns and other reports each is required by law to file and has paid all taxes, assessments, fees and other governmental charges that are due and payable. The provision for taxes on the books of each Borrower is adequate for all years not closed by applicable statutes, and for its current fiscal year, and no Borrower has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.5. Financial Statements.

(a) The pro forma balance sheet of Borrowers on a Consolidated Basis (the "Pro Forma Balance Sheet") furnished to Agent on the Closing Date reflects the consummation of the transactions contemplated under this Agreement (collectively, the "Transactions") and is accurate, complete and correct and fairly reflects the financial condition of Borrowers on a Consolidated Basis as of the Closing Date after giving effect to the Transactions, and has been prepared in accordance with GAAP, consistently applied. The Pro Forma Balance Sheet has been certified as accurate, complete and correct in all material respects by the President and Chief Financial Officer of Borrowing Agent. All financial statements referred to in this subsection 5.5(a), including the related schedules and notes thereto, have been prepared in accordance with GAAP, except as may be disclosed in such financial statements.

(b) The twelve-month cash flow and balance sheet projections of Borrowers on a Consolidated Basis, copies of which are annexed hereto as Exhibit 5.5(b) (the "Projections") were prepared by the Chief Financial Officer of Vital Farms, are based on underlying

assumptions which provide a reasonable basis for the projections contained therein and reflect Borrowers' judgment based on present circumstances of the most likely set of conditions and course of action for the projected period. The cash flow Projections together with the Pro Forma Balance Sheet are referred to as the "Pro Forma Financial Statements".

(c) The consolidated and consolidating balance sheets of Borrowers, and such other Persons described therein, as of December 31, 2016, and the related statements of income, changes in stockholder's equity, and changes in cash flow for the period ended on such date, all accompanied by reports thereon containing opinions without qualification by independent certified public accountants, copies of which have been delivered to Agent, have been prepared in accordance with GAAP, consistently applied (except for changes in application to which such accountants concur) and present fairly the financial position of Borrowers at such date and the results of their operations for such period. Since December 31, 2016, there has been no change in the condition, financial or otherwise, of Borrowers as shown on the consolidated balance sheet as of such date and no change in the aggregate value of machinery, equipment and Real Property owned by Borrowers, except changes in the Ordinary Course of Business, none of which individually or in the aggregate has been materially adverse.

5.6. Entity Names. No Borrower has been known by any other company or corporate name, as applicable, in the past five (5) years and does not sell Inventory under any other name except as set forth on Schedule 5.6, nor has any Borrower been the surviving corporation or company, as applicable, of a merger or consolidation or acquired all or substantially all of the assets of any Person during the preceding five (5) years.

5.7. O.S.H.A. Environmental Compliance; Flood Insurance.

(a) Each Borrower is in compliance with, and its facilities, business, assets, property, leaseholds, Real Property and Equipment are in compliance with the Federal Occupational Safety and Health Act, and Environmental Laws and there are no outstanding citations, notices or orders of non-compliance issued to any Borrower or relating to its business, assets, property, leaseholds or Equipment under any such laws, rules or regulations.

(b) Each Borrower has been issued all required federal, state and local licenses, certificates or permits (collectively, "Approvals") relating to all applicable Environmental Laws and all such Approvals are current and in full force and effect.

(c) Except as set forth on Schedule 5.7: (i) there have been no releases, spills, discharges, leaks or disposal (collectively referred to as "Releases") of Hazardous Materials at, upon, under or migrating from or onto any Real Property owned, leased or occupied by any Borrower, except for those Releases which are in full compliance with Environmental Laws; (ii) there are no underground storage tanks or polychlorinated biphenyls on any Real Property owned, leased or occupied by any Borrower, except for such underground storage tanks or polychlorinated biphenyls that are present in compliance with Environmental Laws; (iii) the Real Property including any premises owned, leased or occupied by any Borrower has never been used by any Borrower to dispose of Hazardous Materials, except as authorized by Environmental Laws; and (iv) no Hazardous Materials are managed by any Borrower on any Real Property including any premises owned, leased or occupied by any Borrower, excepting such quantities as

are managed in accordance with all applicable manufacturer's instructions and compliance with Environmental Laws and as are necessary for the operation of the commercial business of any Borrower or of its tenants.

(d) All Real Property owned by Borrowers is insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of each such Borrower in accordance with prudent business practice in the industry of such Borrower. Each Borrower has taken all actions requested by Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure located upon any Real Property that will be subject to a Mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral.

5.8. Solvency; No Litigation, Violation, Indebtedness or Default; ERISA Compliance.

(a) (i) After giving effect to the Transactions, each Borrower is solvent, able to pay its debts as they mature, has capital sufficient to carry on its business and all businesses in which it is about to engage, (ii) as of the Closing Date, the fair present saleable value of its assets, calculated on a going concern basis, is in excess of the amount of its liabilities, and (iii) subsequent to the Closing Date, the fair saleable value of its assets (calculated on a going concern basis) will be in excess of the amount of its liabilities.

(b) Except as disclosed in Schedule 5.8(b)(i), no Borrower has any pending or threatened litigation, arbitration, actions or proceedings except any litigation, arbitration, actions or proceedings which, in the aggregate, could not reasonably be expected to result in liability in excess of $1,000,000. No Borrower has any outstanding Indebtedness other than the Obligations, except for (i) Indebtedness disclosed in Schedule 5.8(b)(ii) and (ii) Indebtedness otherwise permitted under Section 7.8 hereof.

(c) No Borrower is in violation of any applicable statute, law, rule, regulation or ordinance in any respect which could reasonably be expected to have a Material Adverse Effect, nor is any Borrower in violation of any order of any court, Governmental Body or arbitration board or tribunal.

(d) No Borrower or any member of the Controlled Group maintains or is required to contribute to any Plan other than those listed on Schedule 5.8(d) hereto. Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Applicable Laws. (i) Each Borrower and each member of the Controlled Group has met all applicable minimum funding requirements under Section 302 of ERISA and Section 412 of the Code in respect of each Plan, and each Plan is in compliance with Sections 412, 430 and 436 of the Code and Sections 206(g), 302 and 303 of ERISA, without regard to waivers and variances; (ii) each Plan which is intended to be a qualified plan under Section 401(a) of the Code as currently in effect has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and the trust related thereto is exempt from federal income tax under Section 501(a) of the Code or an application for such a determination is currently being

processed by the Internal Revenue Code; (iii) neither any Borrower nor any member of the Controlled Group has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due which are unpaid; (iv) no Plan has been terminated by the plan administrator thereof nor by the PBGC, and there is no occurrence which would cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Plan; (v) the current value of the assets of each Plan exceeds the present value of the accrued benefits and other liabilities of such Plan and neither any Borrower nor any member of the Controlled Group knows of any facts or circumstances which would materially change the value of such assets and accrued benefits and other liabilities; (vi) neither any Borrower nor any member of the Controlled Group has breached any of the responsibilities, obligations or duties imposed on it by ERISA with respect to any Plan; (vii) neither any Borrower nor any member of the Controlled Group has incurred any liability for any excise tax arising under Section 4971, 4972 or 4980B of the Code, and no fact exists which could give rise to any such liability; (viii) neither any Borrower nor any member of the Controlled Group nor any fiduciary of, nor any trustee to, any Plan, has engaged in a "prohibited transaction" described in Section 406 of ERISA or Section 4975 of the Code nor taken any action which would constitute or result in a Termination Event with respect to any such Plan which is subject to ERISA; (ix) no Termination Event has occurred or is reasonably expected to occur; (x) there exists no Reportable ERISA Event; (xi) neither any Borrower nor any member of the Controlled Group has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; (xii) neither any Borrower nor any member of the Controlled Group maintains or is required to contribute to any Plan which provides health, accident or life insurance benefits to former employees, their spouses or dependents, other than in accordance with Section 4980B of the Code; (xiii) neither any Borrower nor any member of the Controlled Group has withdrawn, completely or partially, within the meaning of Section 4203 or 4205 of ERISA, from any Multiemployer Plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980 and there exists no fact which would reasonably be expected to result in any such liability; and (xiv) no Plan fiduciary (as defined in Section 3(21) of ERISA) has any liability for breach of fiduciary duty or for any failure in connection with the administration or investment of the assets of a Plan.

5.9. Patents, Trademarks, Copyrights and Licenses. All Intellectual Property owned or utilized by any Borrower: (i) is set forth on Schedule 5.9; (ii) is valid and has been duly registered or filed with all appropriate Governmental Bodies; and (iii) constitutes all of the intellectual property rights which are necessary for the operation of its business. There is no objection to, pending challenge to the validity of, or proceeding by any Governmental Body to suspend, revoke, terminate or adversely modify, any such Intellectual Property and no Borrower is aware of any grounds for any challenge or proceedings, except as set forth in Schedule 5.9 hereto. All Intellectual Property owned or held by any Borrower consists of original material or property developed by such Borrower or was lawfully acquired by such Borrower from the proper and lawful owner thereof. Each of such items has been maintained so as to preserve the value thereof from the date of creation or acquisition thereof.

5.10. Licenses and Permits. Except as set forth in Schedule 5.10, each Borrower (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state or local law, rule or regulation for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to procure such licenses or permits could reasonably be expected to have a Material Adverse Effect.

5.11. Default of Indebtedness. No Borrower is in default in the payment of the principal of or interest on any Indebtedness or under any instrument or agreement under or subject to which any Indebtedness has been issued and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

5.12. No Default. No Borrower is in default in the payment or performance of any of its material obligations under its Material Contracts or other contractual obligations where such default could reasonably be expected to have a Material Adverse Effect, and no Default or Event of Default has occurred.

5.13. No Burdensome Restrictions. No Borrower is party to any contract or agreement the performance of which could reasonably be expected to have a Material Adverse Effect. Each Borrower has heretofore delivered to Agent true and complete copies of all Material Contracts to which it is a party or to which it or any of its properties is subject. No Borrower has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien which is not a Permitted Encumbrance.

5.14. No Labor Disputes. No Borrower is involved in any labor dispute; there are no strikes or walkouts or union organization of any Borrower's employees threatened or in existence and no labor contract is scheduled to expire during the Term other than as set forth on Schedule 5.14 hereto.

5.15. Margin Regulations. No Borrower is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of any Advance will be used for "purchasing" or "carrying" "margin stock" as defined in Regulation U of such Board of Governors.

5.16. Investment Company Act. No Borrower is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, nor is it controlled by such a company.

5.17. Disclosure. No representation or warranty made by any Borrower in this Agreement or in any financial statement, report, certificate or any other document furnished in connection herewith contains any untrue statement of fact or omits to state any fact necessary to make the statements herein or therein not misleading. There is no fact known to any Borrower or which reasonably should be known to such Borrower which such Borrower has not disclosed to Agent in writing with respect to the transactions contemplated by this Agreement which could reasonably be expected to have a Material Adverse Effect.

5.18. Swaps. No Borrower is a party to, nor will it be a party to, any swap agreement whereby such Borrower has agreed or will agree to swap interest rates or currencies unless same provides that damages upon termination following an event of default thereunder are payable on an unlimited "two-way basis" without regard to fault on the part of either party.

5.19. Business and Property of Borrowers. Upon and after the Closing Date, Borrowers do not propose to engage in any business other than Borrowing Agent's business as of the Closing Date and activities necessary to conduct the foregoing. On the Closing Date, each Borrower will own all the property and possess all of the rights and Consents necessary for the conduct of the business of such Borrower.

5.20. Ineligible Securities. Borrowers do not intend to use and shall not use any portion of the proceeds of the Advances, directly or indirectly, to purchase during the underwriting period, or for 30 days thereafter, Ineligible Securities being underwritten by a securities Affiliate of Agent or any Lender.

5.21. Federal Securities Laws. No Borrower or any of their Subsidiaries (i) is required to file periodic reports under the Exchange Act, (ii) has any securities registered under the Exchange Act or (iii) has filed a registration statement that has not yet become effective under the Securities Act.

5.22. Equity Interests. The authorized and outstanding Equity Interests of each Borrower, and each legal and beneficial holder thereof as of the Closing Date, are as set forth on Schedule 5.22(a) hereto. All of the Equity Interests of each Borrower have been duly and validly authorized and issued and are fully paid and non-assessable and have been sold and delivered to the holders hereof in compliance with, or under valid exemption from, all federal and state laws and the rules and regulations of each Governmental Body governing the sale and delivery of securities. Except for the rights and obligations set forth on Schedule 5.22(b), there are no subscriptions, warrants, options, calls, commitments, rights or agreement by which any Borrower or any of the shareholders of any Borrower is bound relating to the issuance, transfer, voting or redemption of shares of its Equity Interests or any pre-emptive rights held by any Person with respect to the Equity Interests of Borrowers. Except as set forth on Schedule 5.22(c), Borrowers have not issued any securities convertible into or exchangeable for shares of its Equity Interests or any options, warrants or other rights to acquire such shares or securities convertible into or exchangeable for such shares.

5.23. Commercial Tort Claims. Except as set forth on Schedule 5.23, no Borrower has any commercial tort claims.

5.24. Letter of Credit Rights. As of the Closing Date, no Borrower has any letter of credit rights.

5.25. Material Contracts. Schedule 5.25 sets forth all Material Contracts of the Borrowers as of the Closing Date. All Material Contracts are in full force and effect and no material defaults currently exist thereunder. No Borrower has (i) received any notice of termination or non-renewal of any Material Contract, or (ii) exercised any option to terminate or not to renew any Material Contract.

5.26. Sellers' Lien Laws**.**

(a) As of the Closing Date, no Borrower has received any written notice pursuant to any Sellers' Lien Laws from (i) any Farm Products Seller or (ii) any lender to any Farm Products Seller or any other Person with a security interest in the assets of any Farm Products Seller or (iii) the Secretary of State (or equivalent official) or other Governmental Body of any State, Commonwealth or political subdivision thereof in which any Farm Products purchased by such Borrower are produced, in any case advising or notifying such Borrower of the intention of such Farm Products Seller or other Person to preserve the benefits of any trust applicable to any assets of any Borrower established in favor of such Farm Products Seller or other Person under the provisions of any Seller's Lien Law or claiming a Lien upon or other claim or encumbrance with respect to any Farm Products which may be, or have been, purchased by a Borrower or any related or other assets of such Borrower (all of the foregoing, together with any such notices as any Borrower may at any time hereafter receive, collectively, the "Sellers' Lien Law Notices").

(b) As of the Closing Date, no Borrower has knowledge of any credible claim by any Farm Products Seller against any Borrower under any Sellers' Lien Laws.

(c) As of the Closing Date, (i) no Borrower is a "live poultry dealer" (as such term is defined in the PSA) or otherwise purchases or deals in live poultry of any type whatsoever, (ii) the Borrowers do not purchase livestock pursuant to cash sales as such term is defined in the PSA and (iii) no Borrower is engaged in raising, cultivating, propagating, fattening, grazing or any other farming, livestock or agricultural operations.

VI. AFFIRMATIVE COVENANTS.

Each Borrower shall, until payment in full of the Obligations and termination of this Agreement:

6.1. Compliance with Laws. Comply in all material respects with all Applicable Laws with respect to the Collateral or any part thereof or to the operation of such Borrower's business the non-compliance with which could reasonably be expected to have a Material Adverse Effect (except to the extent any separate provision of this Agreement shall expressly require compliance with any particular Applicable Law(s) pursuant to another standard). Each Borrower may, however, contest or dispute any Applicable Laws in any reasonable manner, provided that any related Lien is inchoate or stayed and sufficient reserves are established to the reasonable satisfaction of Agent to protect Agent's Lien on or security interest in the Collateral.

6.2. Conduct of Business and Maintenance of Existence and Assets. (a) Conduct continuously and operate actively its business according to good business practices and maintain all of its properties useful or necessary in its business in good working order and condition (reasonable wear and tear excepted and except as may be disposed of in accordance with the terms of this Agreement), including all Intellectual Property and take all actions necessary to enforce and protect the validity of any intellectual property right or other right included in the Collateral; (b) keep in full force and effect its existence and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could

reasonably be expected to have a Material Adverse Effect; and (c) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any political subdivision thereof where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.3. Books and Records. Keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs (including without limitation accruals for taxes, assessments, Charges, levies and claims, allowances against doubtful Receivables and accruals for depreciation, obsolescence or amortization of assets), all in accordance with, or as required by, GAAP consistently applied in the opinion of such independent public accountant as shall then be regularly engaged by Borrowers.

6.4. Payment of Taxes. Pay, when due, all taxes, assessments and other Charges lawfully levied or assessed upon such Borrower or any of the Collateral, including real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any Borrower and Agent or any Lender which Agent or any Lender may be required to withhold or pay or if any taxes, assessments, or other Charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Agent's or any Lender's reasonable opinion, may possibly create a valid Lien on the Collateral, Agent may without notice to Borrowers pay the taxes, assessments or other Charges and each Borrower hereby indemnifies and holds Agent and each Lender harmless in respect thereof. Agent will not pay any taxes, assessments or Charges to the extent that any applicable Borrower has Properly Contested those taxes, assessments or Charges. The amount of any payment by Agent under this Section 6.4 shall be charged to Borrowers' Account as a Revolving Advance maintained as a Domestic Rate Loan and added to the Obligations and, until Borrowers shall furnish Agent with an indemnity therefor (or supply Agent with evidence satisfactory to Agent that due provision for the payment thereof has been made), Agent may hold without interest any balance standing to Borrowers' credit and Agent shall retain its security interest in and Lien on any and all Collateral held by Agent.

6.5. Financial Covenants.

(a) Fixed Charge Coverage Ratio. Cause to be maintained as of the end of each fiscal quarter, a Fixed Charge Coverage Ratio of not less than the following ratios for the following periods:

Period Ending	Ratio
December 31, 2017	1.05:1.00
March 25, 2018	1.05:1.00
July 15, 2018	1.05:1.00
October 7, 2018	1.05:1.00
December 31, 2018	1.10:1.00
March 24, 2019	1.10:1.00
July 14, 2019	1.15:1.00
October 6, 2019	1.15:1.00
December 29, 2019 and each quarter end thereafter	1.20:1.00

(b) Leverage Ratio. Maintain as of the end of each fiscal quarter a ratio of Funded Debt to EBITDA of not greater than the following ratios for the following periods, measured on a rolling four (4) quarter basis:

Period Ending	Ratio
October 7, 2018	3.35:1.00
December 31, 2018 and each quarter end thereafter	3.00:1.00

(c) Minimum EBITDA. Cause to be maintained EBITDA of not less than (i) $1,150,000 for the three (3) month period ending December 31, 2017, (ii) $1,225,000 for the six (6) month period ending March 31, 2018, (iii) $1,575,000 for the nine (9) month period ending June 30, 2018 and (iv) $2,700,000 for the twelve (12) month period ending September 30, 2018.

6.6. Insurance.

(a) (i) Keep all its insurable properties and properties in which such Borrower has an interest insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, as is customary in the case of companies engaged in businesses similar to such Borrower's including business interruption insurance; (ii) maintain a bond in such amounts as is customary in the case of companies engaged in businesses similar to such Borrower insuring against larceny, embezzlement or other criminal misappropriation of insured's officers and employees who may either singly or jointly with others at any time have access to the assets or funds of such Borrower either directly or through authority to draw upon such funds or to direct generally the disposition of such assets; (iii) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others; (iv) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which such Borrower is engaged in business; (v) furnish Agent with (A) copies of all policies

and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date, and (B) appropriate loss payable endorsements in form and substance satisfactory to Agent, naming Agent as an additional insured and mortgagee and/or lender loss payee (as applicable) as its interests may appear with respect to all insurance coverage referred to in clauses (i), and (iii) above, and providing (I) that all proceeds thereunder payable to any Borrower shall be payable to Agent, (II) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy, and (III) that such policy and loss payable clauses may not be cancelled, amended or terminated unless at least thirty (30) days prior written notice is given to Agent (or in the case of non-payment, at least ten (10) days prior written notice). In the event of any loss thereunder resulting in proceeds payable to any Borrower, the carriers named therein hereby are directed by Agent and the applicable Borrower to make payment for such loss to Agent and not to such Borrower and Agent jointly. If any insurance losses are paid by check, draft or other instrument payable to any Borrower and Agent jointly, Agent may endorse such Borrower's name thereon and do such other things as Agent may deem advisable to reduce the same to cash.

(b) Each Borrower shall take all actions requested by Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure on any real property that will be subject to a mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.

(c) Agent is hereby authorized to adjust and compromise claims payable to any Borrower under insurance coverage referred to in Sections 6.6(a)(i), and (iii) and 6.6(b) above. All loss recoveries received by Agent under any such insurance may be applied to the Obligations, in such order as Agent in its reasonable discretion shall determine. Any surplus shall be paid by Agent to Borrowers or applied as may be otherwise required by law. Any deficiency thereon shall be paid by Borrowers to Agent, on demand. If any Borrower fails to obtain insurance as hereinabove provided, or to keep the same in force, Agent, if Agent so elects, may obtain such insurance and pay the premium therefor on behalf of such Borrower, which payments shall be charged to Borrowers' Account and constitute part of the Obligations.

6.7. Payment of Indebtedness and Leasehold Obligations. Pay, discharge or otherwise satisfy (i) at or before maturity (subject, where applicable, to specified grace periods) all its Indebtedness, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being Properly Contested, subject at all times to any applicable subordination arrangement in favor of Lenders and (ii) when due its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect.

6.8. Environmental Matters.

(a) Ensure that the Real Property and all operations and businesses conducted thereon are in compliance and remain in compliance with all Environmental Laws and it shall manage any and all Hazardous Materials on any Real Property in compliance with Environmental Laws.

(b) Establish and maintain an environmental management and compliance system to assure and monitor continued compliance with all applicable Environmental Laws which system shall include periodic environmental compliance audits to be conducted by knowledgeable environmental professionals. All potential violations and violations of Environmental Laws shall be reviewed with legal counsel to determine any required reporting to applicable Governmental Bodies and any required corrective actions to address such potential violations or violations.

(c) Respond promptly to any Hazardous Discharge or Environmental Complaint and take all necessary action in order to safeguard the health of any Person and to avoid subjecting the Collateral or Real Property to any Lien. If any Borrower shall fail to respond promptly to any Hazardous Discharge or Environmental Complaint or any Borrower shall fail to comply with any of the requirements of any Environmental Laws, Agent on behalf of Lenders may, but without the obligation to do so, for the sole purpose of protecting Agent's interest in the Collateral: (i) give such notices or (ii) enter onto the Real Property (or authorize third parties to enter onto the Real Property) and take such actions as Agent (or such third parties as directed by Agent) deem reasonably necessary or advisable, to remediate, remove, mitigate or otherwise manage with any such Hazardous Discharge or Environmental Complaint. All reasonable costs and expenses incurred by Agent and Lenders (or such third parties) in the exercise of any such rights, including any sums paid in connection with any judicial or administrative investigation or proceedings, fines and penalties, together with interest thereon from the date expended at the Default Rate for Domestic Rate Loans constituting Revolving Advances shall be paid upon demand by Borrowers, and until paid shall be added to and become a part of the Obligations secured by the Liens created by the terms of this Agreement or any other agreement between Agent, any Lender and any Borrower.

(d) Promptly upon the written request of Agent from time to time, but in the absence of the occurrence and continuance of an Event of Default, in no event more than one (1) time per calendar year, Borrowers shall provide Agent, at Borrowers' expense, with an environmental site assessment or environmental compliance audit report prepared by an environmental engineering firm acceptable in the reasonable opinion of Agent, to assess with a reasonable degree of certainty the existence of a Hazardous Discharge and the potential costs in connection with abatement, remediation and removal of any Hazardous Materials found on, under, at or within the Real Property. Any report or investigation of such Hazardous Discharge proposed and acceptable to the responsible Governmental Body shall be acceptable to Agent. If such estimates, individually or in the aggregate, exceed $100,000, Agent shall have the right to require Borrowers to post a bond, letter of credit or other security reasonably satisfactory to Agent to secure payment of these costs and expenses.

6.9. Standards of Financial Statements. Cause all financial statements referred to in Sections 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, and 9.13 as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as disclosed therein and agreed to by such reporting accountants or officer, as applicable).

6.10. Federal Securities Laws. Promptly notify Agent in writing if any Borrower or any of their Subsidiaries (i) is required to file periodic reports under the Exchange Act, (ii) registers any securities under the Exchange Act or (iii) files a registration statement under the Securities Act.

6.11. Execution of Supplemental Instruments. Execute and deliver to Agent from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may reasonably request, in order that the full intent of this Agreement may be carried into effect.

6.12. Government Receivables. Take all steps necessary to protect Agent's interest in the Collateral under the Federal Assignment of Claims Act, the Uniform Commercial Code and all other applicable state or local statutes or ordinances and deliver to Agent appropriately endorsed, any instrument or chattel paper connected with any Receivable arising out of any contract between any Borrower and the United States, any state or any department, agency or instrumentality of any of them.

6.13. Keepwell. If it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non- Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any Other Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 6.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 6.13, or otherwise under this Agreement or any Other Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 6.13 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the Other Documents. Each Qualified ECP Loan Party intends that this Section 6.13 constitute, and this Section 6.13 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the CEA.

6.14. Farm Products.

(a) Each Borrower shall at all times comply in all material respects with all existing and future Sellers' Lien Law Notices during their periods of effectiveness under the

applicable Sellers' Lien Laws, including, without limitation, directions to make payments to the Farm Products Seller by issuing payment instruments directly to the secured party with respect to any assets of the Farm Products Seller or jointly payable to the Farm Products Seller and any secured party with respect to the assets of such Farm Products Seller, as specified in the Sellers' Lien Law Notice, so as to terminate or release the security interest in any Farm Products maintained by such Farm Products Seller or any secured party with respect to the assets of such Farm Products Seller under the applicable Sellers' Lien Laws.

(b) Each Borrower shall take all other actions as may be reasonably required, if any, to ensure that any Farm Products are purchased free and clear of any Lien arising under any Sellers' Lien Law.

(c) Each Borrower shall promptly notify Agent in writing after (i) obtaining knowledge of any credible claim by any Farm Product Seller against any Borrower under any Seller Lien Laws and (ii) receipt by or on behalf of such Borrower of any Sellers' Lien Law Notice or amendment to a previous Sellers' Lien Law Notice, and including any notice from any Farm Products Seller of the intention of such Farm Products Seller to preserve the benefits of any trust applicable to any assets of any Borrower or any Guarantor under the provisions of the Sellers Lien Laws or any other Applicable Law and upon the request of the Agent, such Borrower shall promptly provide Agent with a true, correct and complete copy of such Sellers' Lien Law Notice or amendment, as the case may be, and other information delivered to or on behalf of such Borrower pursuant to the Sellers' Lien Laws.

(d) To the extent that a Borrower purchases any Farm Products from a Person who produces such Farm Products in a state with a central filing system certified by the United States Secretary of Agriculture, such Borrower shall immediately register, as a buyer, with the Secretary of State of such state (or the designated system operator). Each Borrower shall forward promptly to Agent a copy of such registration as well as a copy of all relevant portions of the master list periodically distributed by any such Secretary of State (or the designated system operator). Each Borrower shall comply with any payment of obligations in connection with the purchase of any Farm Products imposed by a secured party as a condition of the waiver or release of a security interest effective under the Food Security Act or other applicable law whether or not as a result of direct notice or the filing under any applicable central filing system. Each Borrower shall also provide to Agent from time to time upon its request true and correct copies of all state filings recorded in any such central filing system in respect of a Person from whom a Borrower has purchased Farm Products within the preceding twelve (12) months.

6.15. Post-Closing Covenants.

(a) Borrowers shall, on or before the date that is ninety (90) days after the Closing Date, close all of Borrowers' deposit accounts maintained at Wells Fargo Bank, National Association.

(b) Borrowers shall, on or before the date that is sixty (60) days after the Closing Date, deliver to Agent the original Key Man Policy, and an assignment thereof in favor of Agent, each in form and substance satisfactory to Agent.

(c) Borrowers shall, on or before June 30, 2018, deliver to Agent a title policy endorsement to the title insurance policy delivered to Agent under Section 8.1(d) that affirmatively removes any and all mechanics' lien exceptions from the Agent's title policy and does not otherwise add any new exceptions to such title policy in form and substance satisfactory to the Agent.

(d) Borrowers shall, on or before the date that is ninety (90) days after the Closing Date, deliver to Agent Lien Waiver Agreements with respect to each location at which Inventory, Equipment and books and records are located, provided that, for the avoidance of doubt, Inventory located at such premises, to the extent it otherwise constitutes Eligible Inventory, shall be deemed Eligible Inventory during such ninety (90) day period.

(e) Borrowers shall, on or before the date that is thirty (30) days after the Closing Date, deliver to Agent evidence satisfactory to Agent that tax lien number filed with the Travis County Clerk in the amount of $1,682.45 has been fully paid and released.

(f) Borrowers shall, on or before the date that is ten (10) days after the Closing Date, deliver to Agent evidence satisfactory to Agent that Borrowers have paid and satisfied in full all Indebtedness owing to Wells Fargo Equipment Finance, Inc. and all Liens securing such Indebtedness have been terminated and released.

VII. NEGATIVE COVENANTS.

No Borrower shall, until satisfaction in full of the Obligations and termination of this Agreement:

7.1. Merger, Consolidation, Acquisition and Sale of Assets.

(a) Enter into any merger, consolidation or other reorganization with or into any other Person or acquire all or a substantial portion of the assets or Equity Interests of any Person or permit any other Person to consolidate with or merge with it, except any Borrower may merge, consolidate or reorganize with another Borrower or acquire the assets or Equity Interest of another Borrower so long as such Borrower provides Agent with ten (10) days prior written notice of such merger, consolidation or reorganization and delivers all of the relevant documents evidencing such merger, consolidation or reorganization.

(b) Sell, lease, transfer or otherwise dispose of any of its properties or assets, except (i) (a) the sale of Inventory in the Ordinary Course of Business and (b) the disposition or transfer of obsolete and worn-out equipment in the Ordinary Course of Business during any fiscal year having an aggregate fair market value of not more than $750,000 and only to the extent that (x) the proceeds of any such disposition are used to acquire replacement equipment which is subject to Agent's first priority security interest or (y) the proceeds of which are remitted to Agent to be applied pursuant to Section 2.20 and (ii) any other sales or dispositions expressly permitted by this Agreement.

7.2. Creation of Liens. Create or suffer to exist any Lien or transfer upon or against any of its property or assets now owned or hereafter created or acquired, except Permitted Encumbrances.

7.3. Guarantees. Become liable upon the obligations or liabilities of any Person by assumption, endorsement or guaranty thereof or otherwise (other than to Lenders) except the endorsement of checks in the Ordinary Course of Business.

7.4. Investments. Purchase or acquire obligations or Equity Interests of, or any other interest in, any Person, other than Permitted Investments.

7.5. Loans. Make advances, loans or extensions of credit to any Person, including any Parent, Subsidiary or Affiliate other than Permitted Loans.

7.6. Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures in any fiscal year in an aggregate amount for all Borrowers in excess of $1,000,000, provided that such limitation shall not apply to Capital Expenditures financed solely with the proceeds of Equipment Loans.

7.7. Dividends. Declare, pay or make any dividend or distribution on any Equity Interests of any Borrower (other than dividends or distributions payable in its stock (other than Disqualified Equity Interests), or split-ups or reclassifications of its stock (other than Disqualified Equity Interests)) or apply any of its funds, property or assets to the purchase, redemption or other retirement of any Equity Interest, or of any options to purchase or acquire any Equity Interest of any Borrower. With respect to tax distributions permitted pursuant to this Section, in the event (x) the actual distribution to members made pursuant to this Section exceeds the actual income tax liability of any member due to such Borrower's status as a limited liability company, or (y) if such Borrower was a subchapter C corporation, such Borrower would be entitled to a refund of income taxes previously paid as a result of a tax loss during a year in which such Borrower is a limited liability company, then the members shall repay such Borrower the amount of such excess or refund, as the case may be, no later than the date the annual tax return must be filed by such Borrower (without giving effect to any filing extensions). In the event such amounts are not repaid in a timely manner by any member, then such Borrower shall not pay or make any distribution with respect to, or purchase, redeem or retire, any membership interest of such Borrower held or controlled by, directly or indirectly, such member until such payment has been made.

7.8. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness.

7.9. Nature of Business. Substantially change the nature of the business in which it is presently engaged, nor except as specifically permitted hereby purchase or invest, directly or indirectly, in any assets or property other than in the Ordinary Course of Business for assets or property which are useful in, necessary for and are to be used in its business as presently conducted.

7.10. Transactions with Affiliates. Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise enter into any transaction or deal with, any Affiliate, except for (i) transactions among Borrowers which are not expressly prohibited by the terms of this Agreement and which are in the Ordinary Course of Business; (ii) compensation payments to any of Borrowers' managers or officers in the Ordinary Course of Business; (iii) payments to any of Borrowers' directors, managers or officers in the Ordinary Course of Business consistent with Borrowers' business operations as conducted on the Closing Date not to exceed $250,000 in any fiscal year; (iv) payment by Borrowers of dividends and distributions permitted under Section 7.7 hereof, and (v) transactions disclosed to Agent in writing, which are in the Ordinary Course of Business, on an arm's-length basis on terms and conditions no less favorable than terms and conditions which would have been obtainable from a Person other than an Affiliate.

7.11. Leases. Enter as lessee into any lease arrangement for real or personal property (unless capitalized and permitted under Section 7.6 hereof) if after giving effect thereto, aggregate annual rental payments for all leased property would exceed $750,000 in any one fiscal year in the aggregate for all Borrowers.

7.12. Subsidiaries.

(a) Form any Subsidiary unless such Subsidiary becomes a Borrower under this Agreement; or

(b) Enter into any partnership, joint venture or similar arrangement.

7.13. Fiscal Year and Accounting Changes. Change its fiscal year from December 31 or make any significant change (i) in accounting treatment and reporting practices except as required by GAAP or (ii) in tax reporting treatment except as required by law.

7.14. Pledge of Credit. Now or hereafter pledge Agent's or any Lender's credit on any purchases, commitments or contracts or for any purpose whatsoever or use any portion of any Advance in or for any business other than such Borrower's business operations as conducted on the Closing Date.

7.15. Amendment of Organizational Documents. (i) Change its legal name, (ii) change its form of legal entity (e.g., converting from a corporation to a limited liability company or vice versa), (iii) change its jurisdiction of organization or become (or attempt or purport to become) organized in more than one jurisdiction, (iv) otherwise amend, modify or waive any term or material provision of its Organizational Documents unless required by law, in any such case without (x) giving at least thirty (30) days prior written notice of such intended change to Agent, (y) having received from Agent confirmation that Agent has taken all steps necessary for Agent to continue the perfection of and protect the enforceability and priority of its Liens in the Collateral belonging to such Borrower and in the Equity Interests of such Borrower and (z) in any case under clause (iv), having received the prior written consent of Agent and Required Lenders to such amendment, modification or waiver, or (v) in connection with the issuance of a Specified Equity Contribution in conformance with the provisions of Section 11.6.

7.16. Compliance with ERISA. (i) (x) Maintain, or permit any member of the Controlled Group to maintain, or (y) become obligated to contribute, or permit any member of the Controlled Group to become obligated to contribute, to any Plan, other than those Plans disclosed on Schedule 5.8(d), (ii) engage, or permit any member of the Controlled Group to engage, in any non-exempt "prohibited transaction", as that term is defined in Section 406 of ERISA or Section 4975 of the Code, (iii) terminate, or permit any member of the Controlled Group to terminate, any Plan where such event could result in any liability of any Borrower or any member of the Controlled Group or the imposition of a lien on the property of any Borrower or any member of the Controlled Group pursuant to Section 4068 of ERISA, (iv) incur, or permit any member of the Controlled Group to incur, any withdrawal liability to any Multiemployer Plan; (v) fail promptly to notify Agent of the occurrence of any Termination Event, (vi) fail to comply, or permit any member of the Controlled Group to fail to comply, with the requirements of ERISA or the Code or other Applicable Laws in respect of any Plan, (vii) fail to meet, permit any member of the Controlled Group to fail to meet, or permit any Plan to fail to meet all minimum funding requirements under ERISA and the Code, without regard to any waivers or variances, or postpone or delay or allow any member of the Controlled Group to postpone or delay any funding requirement with respect to any Plan, or (viii) cause, or permit any member of the Controlled Group to cause, a representation or warranty in Section 5.8(d) to cease to be true and correct.

7.17. Prepayment of Indebtedness. At any time, directly or indirectly, prepay any Indebtedness (other than to Lenders), or repurchase, redeem, retire or otherwise acquire any Indebtedness of any Borrower.

7.18. Membership / Partnership Interests. Designate or permit any of their Subsidiaries to (a) treat their limited liability company membership interests or partnership interests, as the case may be, as securities as contemplated by the definition of "security" in Section 8-102(15) and by Section 8-103 of Article 8 of the Uniform Commercial Code or (b) certificate their limited liability membership interests or partnership interests, as applicable.

7.19. Grower Payments. Make any payment to a Farm Product Seller to not produce (rather than purchase) Nest-Run Eggs unless, after giving pro forma effect to any such payment, Borrowers have Undrawn Availability of not less than $2,000,000.

VIII. CONDITIONS PRECEDENT.

8.1. Conditions to Initial Advances. The agreement of Lenders to make the initial Advances requested to be made on the Closing Date is subject to the satisfaction, or waiver by Agent, immediately prior to or concurrently with the making of such Advances, of the following conditions precedent:

(a) Notes. Agent shall have received the Notes duly executed and delivered by an authorized officer of each Borrower;

(b) Other Documents. Agent shall have received each of the executed Other Documents, as applicable;

(c) Mortgage and Surveys. Agent shall have received in form and substance satisfactory to Lenders (i) an executed Mortgage and (ii) surveys;

(d) Title Insurance. Agent shall have received fully paid mortgagee title insurance policies (or binding commitments to issue title insurance policies, marked to Agent's satisfaction to evidence the form of such policies to be delivered with respect to the Mortgage), in standard ALTA form, issued by a title insurance company satisfactory to Agent, each in an amount equal to not less than the fair market value of the Real Property subject to the Mortgage, insuring the Mortgage to create a valid Lien on the Real Property with no exceptions which Agent shall not have approved in writing and no survey exceptions;

(e) Environmental Reports. Agent shall have received all environmental studies and reports prepared by independent environmental engineering firms with respect to all Real Property owned or leased by any Borrower;

(f) Ovabrite Note Receivable. Agent shall have received (a) the original executed Ovabrite Note Receivable and (b) an executed collateral assignment of the Ovabrite Note Receivable in form and substance satisfactory to Agent;

(g) Financial Condition Certificates. Agent shall have received an executed Financial Condition Certificate in the form of Exhibit 8.1(g).

(h) Closing Certificate. Agent shall have received a closing certificate signed by the Chief Financial Officer of each Borrower dated as of the date hereof, stating that (i) all representations and warranties set forth in this Agreement and the Other Documents are true and correct on and as of such date, and (ii) on such date no Default or Event of Default has occurred or is continuing;

(i) Borrowing Base. Agent shall have received evidence from Borrowers that the aggregate amount of Eligible Receivables and Eligible Inventory is sufficient in value and amount to support Advances in the amount requested by Borrowers on the Closing Date;

(j) Undrawn Availability. After giving effect to the initial Advances hereunder, Borrowers shall have Undrawn Availability of at least $3,000,000;

(k) Blocked Accounts. Borrowers shall have opened the Depository Accounts with Agent or Agent shall have received duly executed agreements establishing the Blocked Accounts with financial institutions acceptable to Agent for the collection or servicing of the Receivables and proceeds of the Collateral and Agent shall have entered into control agreements with the applicable financial institutions in form and substance satisfactory to Agent with respect to such Blocked Accounts;

(l) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by this Agreement, any related agreement or under law or reasonably requested by Agent to be filed, registered or recorded in order to create, in favor of Agent, a perfected security interest in or lien upon the Collateral shall have been properly filed, registered or recorded in each jurisdiction in which the filing,

registration or recordation thereof is so required or requested, and Agent shall have received an acknowledgment copy, or other evidence satisfactory to it, of each such filing, registration or recordation and satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto;

(m) Lien Waiver Agreements. Agent shall have received Lien Waiver Agreements with respect to all locations or places at which Inventory, Equipment and books and records are located;

(n) Secretary's Certificates, Authorizing Resolutions and Good Standings of Borrowers. Agent shall have received a certificate of the Secretary or Assistant Secretary (or other equivalent officer, partner or manager) of each Borrower in form and substance satisfactory to Agent dated as of the Closing Date which shall certify (i) copies of resolutions in form and substance reasonably satisfactory to Agent, of the board of directors (or other equivalent governing body, member or partner) of such Borrower authorizing (x) the execution, delivery and performance of this Agreement, the Notes and each Other Document to which such Borrower is a party (including authorization of the incurrence of indebtedness, borrowing of Revolving Advances, Swing Loans, Term Loan, and Equipment Loans and requesting of Letters of Credit, on a joint and several basis with all Borrowers as provided for herein), and (y) the granting by such Borrower of the security interests in and liens upon the Collateral to secure all of the joint and several Obligations of Borrowers (and such certificate shall state that such resolutions have not been amended, modified, revoked or rescinded as of the date of such certificate), (ii) the incumbency and signature of the officers of such Borrower authorized to execute this Agreement and the Other Documents, (iii) copies of the Organizational Documents of such Borrower as in effect on such date, complete with all amendments thereto, and (iv) the good standing (or equivalent status) of such Borrower in its jurisdiction of organization and each applicable jurisdiction where the conduct of such Borrower's business activities or the ownership of its properties necessitates qualification, as evidenced by good standing certificate(s) (or the equivalent thereof issued by any applicable jurisdiction) dated not more than 30 days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each such jurisdiction;

(o) Secretary's Certificates, Authorizing Resolutions and Good Standings of Guarantors. Agent shall have received a certificate of the Secretary or Assistant Secretary (or other equivalent officer, partner or manager) of each Guarantor in form and substance satisfactory to Agent dated as of the Closing Date which shall certify (i) copies of resolutions in form and substance reasonably satisfactory to Agent, of the board of directors (or other equivalent governing body, member or partner) of each Guarantor authorizing (x) the execution, delivery and performance of such Guarantor's Guaranty and each Other Document to which such Guarantor is a party and (y) the granting by such Guarantor of the security interests in and liens upon the Collateral to secure its obligations under its Guaranty (and such certificate shall state that such resolutions have not been amended, modified, revoked or rescinded as of the date of such certificate), (ii) the incumbency and signature of the officers of such Guarantor authorized to execute this Agreement and the Other Documents, (iii) copies of the Organizational Documents of such Guarantor as in effect on such date, complete with all amendments thereto, and (iv) the good standing (or equivalent status) of such Guarantor in its jurisdiction of organization and each applicable jurisdiction where the conduct of such Guarantor's business

activities or the ownership of its properties necessitates qualification, as evidenced by good standing certificate(s) (or the equivalent thereof issued by any applicable jurisdiction) dated not more than 30 days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each such jurisdiction;

(p) Legal Opinion. Agent shall have received the executed legal opinion of Integral Business Counsel, PLLC in form and substance satisfactory to Agent which shall cover such matters incident to the transactions contemplated by this Agreement, the Notes, the Other Documents, and related agreements as Agent may reasonably require and each Borrower hereby authorizes and directs such counsel to deliver such opinions to Agent and Lenders;

(q) No Litigation. No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against any Borrower or against the officers or directors of any Borrower (A) in connection with this Agreement, the Other Documents, or any of the transactions contemplated thereby and which, in the reasonable opinion of Agent, is deemed material or (B) which could, in the reasonable opinion of Agent, have a Material Adverse Effect; and (ii) no injunction, writ, restraining order or other order of any nature materially adverse to any Borrower or the conduct of its business or inconsistent with the due consummation of the Transactions shall have been issued by any Governmental Body;

(r) Collateral Examination. Agent shall have completed Collateral examinations and received appraisals, the results of which shall be satisfactory in form and substance to Agent, of the Receivables, Inventory, General Intangibles, Real Property, and equipment of each Borrower and all books and records in connection therewith, including without limitation, an appraisal obtained after receipt of the certificate of occupancy, determining the fair market value of the Real Property securing the Obligations;

(s) Fees. Agent shall have received all fees payable to Agent and Lenders on or prior to the Closing Date hereunder, including pursuant to Article III hereof;

(t) Pro Forma Financial Statements. Agent shall have received a copy of the Pro Forma Financial Statements which shall be satisfactory in all respects to Agent;

(u) Insurance. Agent shall have received in form and substance satisfactory to Agent, (i) evidence that adequate insurance, including without limitation, casualty and liability insurance, required to be maintained under this Agreement is in full force and effect, (ii) insurance certificates issued by Borrowers' insurance broker containing such information regarding Borrowers' casualty and liability insurance policies as Agent shall request and naming Agent as an additional insured, lenders loss payee and/or mortgagee, as applicable, and (iii) loss payable endorsements issued by Borrowers' insurer naming Agent as lenders loss payee and mortgagee, as applicable;

(v) Flood Insurance. Evidence that adequate flood insurance required to be maintained under this Agreement is in full force and effect, with additional insured, mortgagee and lender loss payable special endorsements attached thereto in form and substance reasonably satisfactory to Agent and its counsel naming Agent as additional insured, mortgagee and lender loss payee, as applicable, and evidence that Borrowers have taken all actions requested by Agent

to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing Agent with the address and/or GPS coordinates of each structure on any Real Property that will be subject to a Mortgage in favor of Agent, for the benefit of Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral.

(w) Payment Instructions. Agent shall have received written instructions from Borrowing Agent directing the application of proceeds of the initial Advances made pursuant to this Agreement;

(x) Consents. Agent shall have received any and all Consents necessary to permit the effectuation of the transactions contemplated by this Agreement and the Other Documents; and, Agent shall have received such Consents and waivers of such third parties as might assert claims with respect to the Collateral, as Agent and its counsel shall reasonably deem necessary;

(y) No Adverse Material Change. (i) Since December 31, 2016, there shall not have occurred any event, condition or state of facts which could reasonably be expected to have a Material Adverse Effect and (ii) no representations made or information supplied to Agent or Lenders shall have been proven to be inaccurate or misleading in any material respect;

(z) Contract Review. Agent shall have received and reviewed all Material Contracts of Borrowers including leases, union contracts, labor contracts, vendor supply contracts, license agreements and distributorship agreements and such contracts and agreements shall be satisfactory in all respects to Agent;

(aa) Compliance with Laws. Agent shall be reasonably satisfied that each Borrower is in compliance with all pertinent federal, state, local or territorial regulations, including those with respect to the Federal Occupational Safety and Health Act, the Environmental Protection Act, ERISA and the Anti-Terrorism Laws; and

(bb) Other. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the Transactions shall be satisfactory in form and substance to Agent and its counsel.

8.2. Conditions to Each Advance. The agreement of Lenders to make any Advance requested to be made on any date (including the initial Advance), is subject to the satisfaction of the following conditions precedent as of the date such Advance is made:

(a) Representations and Warranties. Each of the representations and warranties made by any Borrower in or pursuant to this Agreement, the Other Documents and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement, the Other Documents or any related agreement shall be true and correct in all respects on and as of such date as if made on and as of such date (except to the extent any such representation or warranty expressly relates only to any earlier and/or specified date);

(b) No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Advances requested to be made, on such date; provided, however that Agent, in its sole discretion, may continue to make Advances notwithstanding the existence of an Event of Default or Default and that any Advances so made shall not be deemed a waiver of any such Event of Default or Default; and

(c) Maximum Advances. In the case of any type of Advance requested to be made, after giving effect thereto, the aggregate amount of such type of Advance shall not exceed the maximum amount of such type of Advance permitted under this Agreement.

Each request for an Advance by any Borrower hereunder shall constitute a representation and warranty by each Borrower as of the date of such Advance that the conditions contained in this subsection shall have been satisfied.

8.3. Conditions to Each Equipment Loan. The agreement of Lenders to make any Equipment Loan is subject to satisfaction of the following conditions precedent: (a) receipt by Agent of (i) a copy of the invoice relating to the equipment being purchased, (ii) evidence that such equipment has been shipped to the applicable Borrower, (iii) evidence that the requested Equipment Loan does not exceed eighty percent (80%) of the Net Invoice Cost of such equipment purchased by such Borrower, and (iv) such other documentation and evidence that Agent may request; and (b) after giving effect thereto, the aggregate outstanding principal amount of Equipment Loans shall not exceed the Maximum Equipment Loan Amount.

IX. INFORMATION AS TO BORROWERS.

Each Borrower shall, or (except with respect to Section 9.11) shall cause Borrowing Agent on its behalf to, until satisfaction in full of the Obligations and the termination of this Agreement:

9.1. Disclosure of Material Matters. Immediately upon learning thereof, report to Agent (a) all matters materially affecting the value, enforceability or collectability of any portion of the Collateral, including any Borrower's recall, reclamation or repossession of, or the return to any Borrower of, a material amount of goods or claims or disputes asserted by any Customer or other obligor other than in the Ordinary Course of Business, and (b) any investigation, hearing, proceeding or other inquest into any Borrower, any Guarantor, or any Affiliate of any Borrower or any Guarantor by any Governmental Body with respect to Anti-Terrorism Laws.

9.2. Schedules. Deliver to Agent (i) on or before the fifteenth (15th) day of each month as and for the prior month (a) accounts receivable ageings inclusive of reconciliations to the general ledger, (b) accounts payable schedules inclusive of reconciliations to the general ledger, and (c) a Borrowing Base Certificate in form and substance satisfactory to Agent (which shall be calculated as of the last day of the prior month and which shall not be binding upon Agent or restrictive of Agent's rights under this Agreement), (ii) on or before Tuesday of each week, a sales report / roll forward for the prior week and (iii) on or before Tuesday of every other

week, an Inventory report for the prior two weeks. In addition, each Borrower will deliver to Agent at such intervals as Agent may require: (i) confirmatory assignment schedules; (ii) copies of Customer's invoices; (iii) evidence of shipment or delivery; and (iv) such further schedules, documents and/or information regarding the Collateral as Agent may reasonably request including trial balances and test verifications. Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable and do whatever it may deem reasonably necessary to protect its interests hereunder, provided that, absent the occurrence and continuance of an Event of Default, Agent will not contact any obligor under any Receivable without providing Borrowing Agent at least one (1) Business Days' advance notice. The items to be provided under this Section are to be in form satisfactory to Agent and executed by each Borrower and delivered to Agent from time to time solely for Agent's convenience in maintaining records of the Collateral, and any Borrower's failure to deliver any of such items to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral. Unless otherwise agreed to by Agent, the items to be provided under this Section 9.2 shall be delivered to Agent by the specific method of Approved Electronic Communication designated by Agent.

9.3. Environmental Reports.

(a) Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8, with a certificate signed by the President or Chief Financial Officer of Borrowing Agent stating, to the best of his knowledge, that each Borrower is in compliance in all material respects with all applicable Environmental Laws. To the extent any Borrower is not in compliance with the foregoing laws, the certificate shall set forth with specificity all areas of non-compliance and the proposed action such Borrower will implement in order to achieve full compliance.

(b) In the event any Borrower obtains, gives or receives notice of any Release or threat of Release of a reportable quantity of any Hazardous Materials at the Real Property (any such event being hereinafter referred to as a "Hazardous Discharge") or receives any notice of violation, request for information or notification that it is potentially responsible for investigation or cleanup of environmental conditions at the Real Property, demand letter or complaint, order, citation, or other written notice with regard to any Hazardous Discharge or violation of Environmental Laws affecting the Real Property or any Borrower's interest therein or the operations or the business (any of the foregoing is referred to herein as an "Environmental Complaint") from any Person, including any Governmental Body, then Borrowing Agent shall, within five (5) Business Days, give written notice of same to Agent detailing facts and circumstances of which any Borrower is aware giving rise to the Hazardous Discharge or Environmental Complaint. Such information is to be provided to allow Agent to protect its security interest in and Lien on the Collateral and is not intended to create nor shall it create any obligation upon Agent or any Lender with respect thereto.

(c) Borrowing Agent shall promptly forward to Agent copies of any request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Materials at any other site owned, operated or used by any Borrower to manage of Hazardous Materials and shall continue to forward copies of correspondence between any Borrower and the Governmental

Body regarding such claims to Agent until the claim is settled. Borrowing Agent shall promptly forward to Agent copies of all documents and reports concerning a Hazardous Discharge or Environmental Complaint at the Real Property, operations or business that any Borrower is required to file under any Environmental Laws. Such information is to be provided solely to allow Agent to protect Agent's security interest in and Lien on the Collateral.

9.4. Litigation. Promptly notify Agent in writing of any claim, litigation, suit or administrative proceeding affecting any Borrower or any Guarantor, whether or not the claim is covered by insurance, and of any litigation, suit or administrative proceeding, which in any such case affects the Collateral or which could reasonably be expected to have a Material Adverse Effect.

9.5. Material Occurrences. Immediately notify Agent in writing upon the occurrence of: (a) any Event of Default or Default; (b) any event, development or circumstance whereby any financial statements or other reports furnished to Agent fail in any material respect to present fairly, in accordance with GAAP consistently applied, the financial condition or operating results of any Borrower as of the date of such statements; (c) any funding deficiency which, if not corrected as provided in Section 4971 of the Code, could subject any Borrower or any member of the Controlled Group to a tax imposed by Section 4971 of the Code; (d) each and every default by any Borrower which might result in the acceleration of the maturity of any Indebtedness, including the names and addresses of the holders of such Indebtedness with respect to which there is a default existing or with respect to which the maturity has been or could be accelerated, and the amount of such Indebtedness; and (e) any other development in the business or affairs of any Borrower or any Guarantor, which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action Borrowers propose to take with respect thereto.

9.6. Government Receivables. Notify Agent immediately if any of its Receivables arise out of contracts between any Borrower and the United States, any state, or any department, agency or instrumentality of any of them.

9.7. Annual Financial Statements. Furnish Agent within one hundred twenty (120) days after the end of each fiscal year of Borrowers, financial statements of Borrowers on a consolidating and consolidated basis including, but not limited to, statements of income and stockholders' equity and cash flow from the beginning of the current fiscal year to the end of such fiscal year and the balance sheet as at the end of such fiscal year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification by an independent certified public accounting firm selected by Borrowers and satisfactory to Agent (the "Accountants"). In addition, the reports shall be accompanied by a Compliance Certificate.

9.8. Quarterly Financial Statements. Furnish Agent within forty-five (45) days after the end of each fiscal quarter, an unaudited balance sheet of Borrowers on a consolidated and consolidating basis and unaudited statements of income and stockholders' equity and cash flow of Borrowers on a consolidated and consolidating basis reflecting results of operations from the beginning of the fiscal year to the end of such quarter and for such quarter, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to

normal and recurring year-end adjustments that individually and in the aggregate are not material to Borrowers' business operations and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The reports shall be accompanied by a Compliance Certificate.

9.9. Periodic Financial Statements. Furnish Agent within thirty (30) days after the end of each period consisting of either calendar months or periods consisting of four (4) or six (6) week periods (other than for the periods corresponding to the end of a fiscal quarter which shall be delivered in accordance with Sections 9.7 and 9.8 as applicable), an unaudited balance sheet of Borrowers on a consolidated and consolidating basis and unaudited statements of income and stockholders' equity and cash flow of Borrowers on a consolidated and consolidating basis reflecting results of operations from the beginning of the fiscal period to the end of such period and for such period, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year-end adjustments that individually and in the aggregate are not material to Borrowers' business operations and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The reports shall be accompanied by a Compliance Certificate.

9.10. Other Reports. Furnish Agent as soon as available, but in any event within ten (10) days after the issuance thereof, with copies of such financial statements, reports and returns as each Borrower shall send to the holders of its Equity Interests other than such financial statements, reports and returns already provided to Agent under Sections 9.7, 9.8 and 9.9.

9.11. Additional Information. Furnish Agent with such additional information as Agent shall reasonably request in order to enable Agent to determine whether the terms, covenants, provisions and conditions of this Agreement and the Notes have been complied with by Borrowers including, without the necessity of any request by Agent, (a) copies of all environmental audits and reviews, (b) at least thirty (30) days prior thereto, notice of any Borrower's opening of any new office or place of business or any Borrower's closing of any existing office or place of business, and (c) promptly upon any Borrower's learning thereof, notice of any labor dispute to which any Borrower may become a party, any strikes or walkouts relating to any of its plants or other facilities, and the expiration of any labor contract to which any Borrower is a party or by which any Borrower is bound.

9.12. Projected Operating Budget. Furnish Agent no later than thirty (30) days prior to the beginning of each Borrower's fiscal years commencing with fiscal year 2018, a month by month projected operating budget and cash flow of Borrowers on a consolidated and consolidating basis for such fiscal year (including an income statement for each month and a balance sheet as at the end of the last month in each fiscal quarter), such projections to be accompanied by a certificate signed by the President or Chief Financial Officer of the Borrowing Agent to the effect that such projections have been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements and that such officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared.

9.13. Variances From Operating Budget. Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8, a written report summarizing all material variances from budgets submitted by Borrowers pursuant to Section 9.12 and a discussion and analysis by management with respect to such variances.

9.14. Notice of Suits, Adverse Events. Furnish Agent with prompt written notice of (i) any lapse or other termination of any Consent issued to any Borrower by any Governmental Body or any other Person that is material to the operation of any Borrower's business, (ii) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (iii) copies of any periodic or special reports filed by any Borrower or any Guarantor with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Borrower or any Guarantor, or if copies thereof are requested by Lender, and (iv) copies of any material notices and other communications from any Governmental Body or Person which specifically relate to any Borrower or any Guarantor.

9.15. ERISA Notices and Requests. Furnish Agent with immediate written notice in the event that (i) any Borrower or any member of the Controlled Group knows or has reason to know that a Termination Event has occurred, together with a written statement describing such Termination Event and the action, if any, which such Borrower or any member of the Controlled Group has taken, is taking, or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or PBGC with respect thereto, (ii) any Borrower or any member of the Controlled Group knows or has reason to know that a prohibited transaction (as defined in Section 406 of ERISA or 4975 of the Code) has occurred together with a written statement describing such transaction and the action which such Borrower or any member of the Controlled Group has taken, is taking or proposes to take with respect thereto, (iii) a funding waiver request has been filed with respect to any Plan together with all communications received by any Borrower or any member of the Controlled Group with respect to such request, (iv) any increase in the benefits of any existing Plan or the establishment of any new Plan or the commencement of contributions to any Plan to which any Borrower or any member of the Controlled Group was not previously contributing shall occur, (v) any Borrower or any member of the Controlled Group shall receive from the PBGC a notice of intention to terminate a Plan or to have a trustee appointed to administer a Plan, together with copies of each such notice, (vi) any Borrower or any member of the Controlled Group shall receive any favorable or unfavorable determination letter from the Internal Revenue Service regarding the qualification of a Plan under Section 401(a) of the Code, together with copies of each such letter; (vii) any Borrower or any member of the Controlled Group shall receive a notice regarding the imposition of withdrawal liability, together with copies of each such notice; (viii) any Borrower or any member of the Controlled Group shall fail to make a required installment or any other required payment under the Code or ERISA on or before the due date for such installment or payment; or (ix) any Borrower or any member of the Controlled Group knows that (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan or (d) a Multiemployer Plan is subject to Section 432 of the Code or Section 305 of ERISA.

9.16. Additional Documents. Execute and deliver to Agent, upon request, such documents and agreements as Agent may, from time to time, reasonably request to carry out the purposes, terms or conditions of this Agreement.

9.17. Updates to Certain Schedules. Deliver to Agent promptly as shall be required to maintain the related representations and warranties as true and correct, updates to Schedules 4.4 (Locations of equipment and Inventory), 5.9 (Intellectual Property, Source Code Escrow Agreements), 5.24 (Equity Interests); provided, that absent the occurrence and continuance of any Event of Default, Borrower shall only be required to provide such updates on a monthly basis in connection with delivery of a Compliance Certificate with respect to the applicable month. Any such updated Schedules delivered by Borrowers to Agent in accordance with this Section 9.17 shall automatically and immediately be deemed to amend and restate the prior version of such Schedule previously delivered to Agent and attached to and made part of this Agreement.

9.18. Financial Disclosure. Each Borrower hereby irrevocably authorizes and directs all accountants and auditors employed by such Borrower at any time during the Term to exhibit and deliver to Agent and each Lender copies of any of such Borrower's financial statements, trial balances or other accounting records of any sort in the accountant's or auditor's possession, and to disclose to Agent and each Lender any information such accountants may have concerning such Borrower's financial status and business operations. Each Borrower hereby authorizes all Governmental Bodies to furnish to Agent and each Lender copies of reports or examinations relating to such Borrower, whether made by such Borrower or otherwise; however, Agent and each Lender will attempt to obtain such information or materials directly from such Borrower prior to obtaining such information or materials from such accountants or Governmental Bodies.

X. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

10.1. Nonpayment. Failure by any Borrower to pay when due (a) any principal or interest on the Obligations (including without limitation pursuant to Section 2.9), or (b) any other fee, charge, amount or liability provided for herein or in any Other Document, in each case whether at maturity, by reason of acceleration pursuant to the terms of this Agreement, by notice of intention to prepay or by required prepayment.

10.2. Breach of Representation. Except as provided in Section 10.18, any representation or warranty made or deemed made by any Borrower or any Guarantor in this Agreement, any Other Document or any related agreement or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been incorrect or misleading in any material respect on the date when made or deemed to have been made;

10.3. Financial Information. Failure by any Borrower to (i) furnish financial information when due hereunder or, if no due date is specified herein, within three (3) Business Days following a request therefor, or (ii) permit the inspection of its books or records or access to its premises for audits and appraisals in accordance with the terms hereof;

10.4. Judicial Actions. Issuance of a notice of Lien, levy, assessment, injunction or attachment (a) against any Borrower's Inventory or Receivables or (b) against a material portion of any Borrower's other property which, in either case, is not stayed or lifted within thirty (30) days;

10.5. Noncompliance. Except as otherwise provided for in Sections 10.1, 10.3, 10.5(ii), and 10.18, (i) failure or neglect of any Borrower, any Guarantor or any Person to perform, keep or observe any term, provision, condition, covenant herein contained, or contained in any Other Document or any other agreement or arrangement, now or hereafter entered into between any Borrower, any Guarantor or such Person, and Agent or any Lender, or (ii) failure or neglect of any Borrower to perform, keep or observe any term, provision, condition or covenant, contained in Sections 4.5, 6.1, 6.3, 6.11, 6.13, 9.4 or 9.6 hereof, in each case, which is not cured within ten (10) days after the earlier of (x) Agent's delivery of written notice thereof to the Borrowing Agent and (y) any Borrower having obtained knowledge thereof;

10.6. Judgments. Any (a) judgment or judgments, writ(s), order(s) or decree(s) for the payment of money are rendered against any Borrower or any Guarantor for an aggregate amount in excess of $250,000 or against all Borrowers or Guarantors for an aggregate amount in excess of $250,000 and (b) (i) action shall be legally taken by any judgment creditor to levy upon assets or properties of any Borrower or any Guarantor to enforce any such judgment, (ii) such judgment shall remain undischarged for a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) any Liens arising by virtue of the rendition, entry or issuance of such judgment upon assets or properties of any Borrower or any Guarantor shall be senior to any Liens in favor of Agent on such assets or properties;

10.7. Bankruptcy. Any Borrower, any Guarantor or any Subsidiary of any Borrower shall (i) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent (including by entry of any order for relief in any involuntary bankruptcy or insolvency proceeding commenced against it), (vi) file a petition seeking to take advantage of any other law providing for the relief of debtors, (vii) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (viii) take any action for the purpose of effecting any of the foregoing;

10.8. Material Adverse Effect. The occurrence of any event or development which could reasonably be expected to have a Material Adverse Effect;

10.9. Lien Priority. Any Lien created hereunder or provided for hereby or under any related agreement, for any reason other than the gross negligence or willful misconduct of Agent or any Lender or Issuer, ceases to be or is not a valid and perfected Lien having a first priority interest (subject only to Permitted Encumbrances that have priority as a matter of Applicable Law to the extent such Liens only attach to Collateral other than Receivables or Inventory);

10.10. Cross Default. Either (x) any specified "event of default" under any Indebtedness (other than the Obligations) of any Borrower with a then-outstanding principal balance (or, in the case of any Indebtedness not so denominated, with a then-outstanding total obligation amount) of $250,000 or more, or any other event or circumstance which would permit the holder of any such Indebtedness of any Borrower to accelerate such Indebtedness (and/or the obligations of Borrower thereunder) prior to the scheduled maturity or termination thereof, shall occur (regardless of whether the holder of such Indebtedness shall actually accelerate, terminate or otherwise exercise any rights or remedies with respect to such Indebtedness) or (y) a default of the obligations of any Borrower under any other agreement to which it is a party shall occur which has or is reasonably likely to have a Material Adverse Effect, in each case, unless waived by the holder or counterparty, as applicable;

10.11. Breach of Guaranty, Guarantor Security Agreement or Pledge Agreement. Termination or breach of any Guaranty, Guarantor Security Agreement, Pledge Agreement or similar agreement executed and delivered to Agent in connection with the Obligations of any Borrower, or if any Guarantor or pledgor attempts to terminate, challenges the validity of, or its liability under, any such Guaranty, Guarantor Security Agreement, Pledge Agreement or similar agreement;

10.12. Change of Control. Any Change of Control shall occur;

10.13. Invalidity. Any material provision of this Agreement or any Other Document shall, for any reason, cease to be valid and binding on any Borrower or any Guarantor, or any Borrower or any Guarantor shall so claim in writing to Agent or any Lender or any Borrower challenges the validity of or its liability under this Agreement or any Other Document;

10.14. Seizures. Any (a) portion of the Collateral shall be seized, subject to garnishment or taken by a Governmental Body, or any Borrower or any Guarantor, or (b) the title and rights of any Borrower, any Guarantor or any Original Owner which is the owner of any material portion of the Collateral shall have become the subject matter of claim, litigation, suit, garnishment or other proceeding which might, in the reasonable opinion of Agent, upon final determination, result in impairment or loss of the security provided by this Agreement or the Other Documents;

10.15. Operations. The operations of any Borrower's or any Guarantor's manufacturing facility are interrupted (other than in connection with any regularly scheduled shutdown for employee vacations and/or maintenance in the Ordinary Course of Business) at any time for more than five (5) consecutive days, unless such Borrower or Guarantor shall (i) be entitled to receive for such period of interruption, proceeds of business interruption insurance sufficient to assure that its per diem cash needs during such period is at least equal to its average per diem cash needs for the consecutive three month period immediately preceding the initial date of interruption and (ii) receive such proceeds in the amount described in clause (i) preceding not later than thirty (30) days following the initial date of any such interruption; provided, however, that notwithstanding the provisions of clauses (i) and (ii) of this section, an Event of Default shall be deemed to have occurred if such Borrower or Guarantor shall be receiving the proceeds of business interruption insurance for a period of ninety (90) consecutive days;

10.16. Pension Plans. An event or condition specified in Section 7.16 or 9.15 hereof shall occur or exist with respect to any Plan and, as a result of such event or condition, together with all other such events or conditions, any Borrower or any member of the Controlled Group shall incur, or in the opinion of Agent be reasonably likely to incur, a liability to a Plan or the PBGC (or both) which, in the reasonable judgment of Agent, would have a Material Adverse Effect; or the occurrence of any Termination Event, or any Borrower's failure to immediately report a Termination Event in accordance with Section 9.15 hereof;

10.17. Anti-Terrorism Laws. If (i) any representation or warranty contained in (x) Section 16.18 hereof or (y) any corresponding section of any Guaranty is or becomes false or misleading at any time, (ii) any Borrower shall fail to comply with its obligations under Section 16.18 hereof, or (iii) any Guarantor shall fail to comply with its obligations under any section of any Guaranty containing provisions comparable to those set forth in Section 16.18 hereof; or

10.18. Whole Foods. If Whole Foods is no longer a Customer of Borrowers.

XI. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

11.1. Rights and Remedies.

(a) Upon the occurrence of: (i) an Event of Default pursuant to Section 10.7 (other than Section 10.7(vii)), all Obligations shall be immediately due and payable and this Agreement and the obligation of Lenders to make Advances shall be deemed terminated, (ii) any of the other Events of Default and at any time thereafter, at the option of Agent or at the direction of Required Lenders all Obligations shall be immediately due and payable and Agent or Required Lenders shall have the right to terminate this Agreement and to terminate the obligation of Lenders to make Advances; and (iii) without limiting Section 8.2 hereof, any Default under Sections 10.7(vii) hereof, the obligation of Lenders to make Advances hereunder shall be suspended until such time as such involuntary petition shall be dismissed. Upon the occurrence of any Event of Default, Agent shall have the right to exercise any and all rights and remedies provided for herein, under the Other Documents, under the Uniform Commercial Code and at law or equity generally, including the right to foreclose the security interests granted herein and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. Agent may enter any of any Borrower's premises or other premises without legal process and without incurring liability to any Borrower therefor, and Agent may thereupon, or at any time thereafter, in its discretion without notice or demand, take the Collateral and remove the same to such place as Agent may deem advisable and Agent may require Borrowers to make the Collateral available to Agent at a convenient place. With or without having the Collateral at the time or place of sale, Agent may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Agent may elect. Except as to that part of the Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Borrowers reasonable notification of such sale or sales, it being agreed that in all events written notice mailed to Borrowing Agent at least ten (10) days prior to such sale or sales is reasonable notification. At any public sale Agent or any Lender may bid (including credit bid) for and become the purchaser, and Agent, any Lender or any other purchaser at any such sale

thereafter shall hold the Collateral sold absolutely free from any claim or right of whatsoever kind, including any equity of redemption and all such claims, rights and equities are hereby expressly waived and released by each Borrower. In connection with the exercise of the foregoing remedies, including the sale of Inventory, Agent is granted a perpetual nonrevocable, royalty free, nonexclusive license and Agent is granted permission to use all of each Borrower's (a) Intellectual Property which is used or useful in connection with Inventory for the purpose of marketing, advertising for sale and selling or otherwise disposing of such Inventory and (b) equipment for the purpose of completing the manufacture of unfinished goods. The cash proceeds realized from the sale of any Collateral shall be applied to the Obligations in the order set forth in Section 11.5 hereof. Noncash proceeds will only be applied to the Obligations as they are converted into cash. If any deficiency shall arise, Borrowers shall remain liable to Agent and Lenders therefor.

(b) To the extent that Applicable Law imposes duties on Agent to exercise remedies in a commercially reasonable manner, each Borrower acknowledges and agrees that it is not commercially unreasonable for Agent: (i) to fail to incur expenses reasonably deemed significant by Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against Customers or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral; (iv) to exercise collection remedies against Customers and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other Persons, whether or not in the same business as any Borrower, for expressions of interest in acquiring all or any portion of such Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure Agent against risks of loss, collection or disposition of Collateral or to provide to Agent a guaranteed return from the collection or disposition of Collateral; or (xii) to the extent deemed appropriate by the Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Each Borrower acknowledges that the purpose of this Section 11.1(b) is to provide non-exhaustive indications of what actions or omissions by Agent would not be commercially unreasonable in Agent's exercise of remedies against the Collateral and that other actions or omissions by Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 11.1(b). Without limitation upon the foregoing, nothing contained in this Section 11.1(b) shall be construed to grant any rights to any Borrower or to impose any duties on Agent that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section 11.1(b).

11.2. Agent's Discretion. Agent shall have the right in its sole discretion to determine which rights, Liens, security interests or remedies Agent may at any time pursue, relinquish, subordinate, or modify, which procedures, timing and methodologies to employ, and what any other action to take with respect to any or all of the Collateral and in what order, thereto and such determination will not in any way modify or affect any of Agent's or Lenders' rights hereunder as against Borrowers or each other.

11.3. Setoff. Subject to Section 14.13, in addition to any other rights which Agent or any Lender may have under Applicable Law, upon the occurrence of an Event of Default hereunder, Agent and such Lender shall have a right, immediately and without notice of any kind, to apply any Borrower's property held by Agent and such Lender or any of their Affiliates to reduce the Obligations and to exercise any and all rights of setoff which may be available to Agent and such Lender with respect to any deposits held by Agent or such Lender.

11.4. Rights and Remedies not Exclusive. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any rights or remedy shall not preclude the exercise of any other right or remedies provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

11.5. Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by Agent on account of the Obligations (including without limitation any amounts on account of any of Cash Management Liabilities or Hedge Liabilities), or in respect of the Collateral may, at Agent's discretion, be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of Agent in connection with enforcing its rights and the rights of Lenders under this Agreement and the Other Documents, and any Out-of-Formula Loans and Protective Advances funded by Agent with respect to the Collateral under or pursuant to the terms of this Agreement;

SECOND, to payment of any fees owed to Agent;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of each of the Lenders to the extent owing to such Lender pursuant to the terms of this Agreement;

FOURTH, to the payment of all of the Obligations consisting of accrued interest on account of the Swing Loans;

FIFTH, to the payment of the outstanding principal amount of the Obligations consisting of Swing Loans;

SIXTH, to the payment of all Obligations arising under this Agreement and the Other Documents consisting of accrued fees and interest (other than interest in respect of Swing Loans paid pursuant to clause FOURTH above);

SEVENTH, to the payment of the outstanding principal amount of the Obligations (other than principal in respect of Swing Loans paid pursuant to clause FIFTH above) arising under this Agreement (including Cash Management Liabilities and Hedge Liabilities) (including the payment or cash collateralization of any outstanding Letters of Credit in accordance with Section 3.2(b) hereof).

EIGHTH, to all other Obligations arising under this Agreement which shall have become due and payable (hereunder, under the Other Documents or otherwise) and not repaid pursuant to clauses "FIRST" through "SEVENTH" above;

NINTH, to all other Obligations which shall have become due and payable and not repaid pursuant to clauses "FIRST" through "EIGHTH"; and

TENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) each of the Lenders shall receive (so long as it is not a Defaulting Lender) an amount equal to its pro rata share (based on the proportion that the then outstanding Advances, Cash Management Liabilities and Hedge Liabilities held by such Lender bears to the aggregate then outstanding Advances, Cash Management Liabilities and Hedge Liabilities) of amounts available to be applied pursuant to clauses "SIXTH", "SEVENTH", "EIGHTH" and "TENTH" above; and (iii) notwithstanding anything to the contrary in this Section 11.5, no Swap Obligations of any Non-Qualifying Party shall be paid with amounts received from such Non-Qualifying Party under its Guaranty (including sums received as a result of the exercise of remedies with respect to such Guaranty) or from the proceeds of such Non-Qualifying Party's Collateral if such Swap Obligations would constitute Excluded Hedge Liabilities, provided, however, that to the extent possible appropriate adjustments shall be made with respect to payments and/or the proceeds of Collateral from other Borrowers and/or Guarantors that are Eligible Contract Participants with respect to such Swap Obligations to preserve the allocation to Obligations otherwise set forth above in this Section 11.5; and (iv) to the extent that any amounts available for distribution pursuant to clause "SEVENTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by Agent as cash collateral for the Letters of Credit pursuant to Section 3.2(b) hereof and applied (A) first, to reimburse Issuer from time to time for any drawings under such Letters of Credit and (B) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "SEVENTH," "EIGHTH", "NINTH", and "TENTH" above in the manner provided in this Section 11.5.

11.6. Equity Cure Right. In connection with the failure of the Borrowers to perform, keep or observe any term, provision, condition or covenant contained in Section 6.5 (a "Financial Covenant Default") when measured as of any specified fiscal quarter (the "Cure Quarter"), the Borrowers shall have the right to cure such Financial Covenant Default on the following terms and conditions (the terms of this Section 11.6 are referred to herein as the "Equity Cure"):

(a) In the event the Borrowers desire to cure a Financial Covenant Default, Borrowing Agent shall deliver to the Agent irrevocable written notice of its intent to cure such

Financial Covenant Default (a "Cure Notice") together with the financial statements and corresponding Compliance Certificate for the Cure Quarter on or before the due date for delivery of such financial statements and corresponding Compliance Certificate for such Cure Quarter. The Cure Notice shall set forth the amount which, if added to the amount of EBITDA reported in such Compliance Certificate as of the end of the Cure Quarter, would result in the Loan Parties being in pro forma compliance with the covenants contained in Section 6.5 as of the last day of the Cure Quarter (the "Cure Amount").

(b) If Borrowers shall have received, within ten (10) Business Days after delivery of the Cure Notice, cash proceeds of an equity contribution (other than from the issuance of any Disqualified Equity Interests) from the holders of the Equity Interests of Vital Farms, in an amount equal to the Cure Amount (a "Specified Equity Contribution") and such amount shall have been remitted to a Depository Account for application to the Obligations as determined by Agent (provided that such prepayment shall be disregarded for purposes of determining compliance with the covenants contained in Section 6.5), then, (i) subject to the other provisions of this Section 11.6, the Financial Covenant Default shall be deemed to be cured for all purposes under this Agreement with the same effect as though there had been no Financial Covenant Default at such date and (ii) any calculation of EBITDA for purposes of Section 6.5 which includes the Cure Quarter shall be deemed to include the Cure Amount (but no amounts in excess of the Cure Amount which may have been received as part of the Specified Equity Contribution). The Equity Cure and the effects thereof on EBITDA and the covenants set forth in Section 6.5 will be disregarded for all other purposes under this Agreement and the Other Documents.

(c) The Equity Cure may not be exercised in any two (2) consecutive fiscal quarters or more than more three (3) times during the Term.

Agent and the Lenders agree that, during the period commencing on the date any Financial Covenant Default first occurs and ending on the date the Specified Equity Contribution is due as provided above, neither Agent nor any Lender shall impose the Default Rate, accelerate the Obligations or enforce any of their remedies against any Borrower or any Collateral, in each case, solely on the basis of the Financial Covenant Default; provided, however, no Lender, Swing Loan Lender or Issuer shall be required to make any Advances during such period and until the terms of this Section 11.6 are complied with to cure such Financial Covenant Default, no Borrower shall take any action which, under the terms of this Agreement or any Other Document, is prohibited during the existence of a Default or Event of Default.

XII. WAIVERS AND JUDICIAL PROCEEDINGS.

12.1. Waiver of Notice. Each Borrower hereby waives notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.2. Delay. No delay or omission on Agent's or any Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.3. Jury Waiver. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, COUNTERCLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT, ANY OTHER DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT, ANY OTHER DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, COUNTERCLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

XIII. EFFECTIVE DATE AND TERMINATION.

13.1. Term. This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Borrower, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until October 4, 2022 (the "Term") unless sooner terminated as herein provided. Borrowers may terminate this Agreement at any time upon thirty (30) days prior written notice to Agent upon payment in full of the Obligations other than in connection with a Change of Control.

13.2. Termination. The termination of the Agreement shall not affect Agent's or any Lender's rights, or any of the Obligations having their inception prior to the effective date of such termination or any Obligations which pursuant to the terms hereof continue to accrue after such date, and the provisions hereof shall continue to be fully operative until (a) all transactions entered into, rights or interests created and Obligations have been fully and indefeasibly paid, disposed of, concluded or liquidated, and (b) all Borrowers and all Guarantors have released Secured Parties from and against any and all claims of any nature whatsoever that any Borrower or any Guarantor may have against Secured Parties as of such date, to the extent included in a payoff letter. The security interests, Liens and rights granted to Agent and Lenders hereunder and the financing statements filed hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that Borrowers' Account may from time to time be temporarily in a zero or credit position, until all of the Obligations of each Borrower have been indefeasibly paid and performed in full after the termination of this Agreement or each Borrower has furnished Agent and Lenders with an indemnification satisfactory to Agent and Lenders with respect thereto. Accordingly, each Borrower waives any rights which it may have under the Uniform Commercial Code to demand the filing of

termination statements with respect to the Collateral, and Agent shall not be required to send such termination statements to each Borrower, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all Obligations have been indefeasibly paid in full in immediately available funds. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until all Obligations are indefeasibly paid and performed in full.

XIV. REGARDING AGENT.

14.1. Appointment. Each Lender hereby designates PNC to act as Agent for such Lender under this Agreement and the Other Documents. Each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto and Agent shall hold all Collateral, payments of principal and interest, fees (except the fees set forth in Sections 2.8(b), 3.3(a) and 3.4), charges and collections received pursuant to this Agreement, for the ratable benefit of Lenders. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement (including collection of the Notes) Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Required Lenders, and such instructions shall be binding; provided, however, that Agent shall not be required to take any action which, in Agent's discretion, exposes Agent to liability or which is contrary to this Agreement or the Other Documents or Applicable Law unless Agent is furnished with an indemnification reasonably satisfactory to Agent with respect thereto.

14.2. Nature of Duties. Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Other Documents. Neither Agent nor any of its officers, directors, employees or agents shall be (i) liable for any action taken or omitted by them as such hereunder or in connection herewith, unless caused by their gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non- appealable judgment), or (ii) responsible in any manner for any recitals, statements, representations or warranties made by any Borrower or any officer thereof contained in this Agreement, or in any of the Other Documents or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Other Documents or for the value, validity, effectiveness, genuineness, due execution, enforceability or sufficiency of this Agreement, or any of the Other Documents or for any failure of any Borrower to perform its obligations hereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the Other Documents, or to inspect the properties, books or records of any Borrower. The duties of Agent as respects the Advances to Borrowers shall be mechanical and administrative in nature; Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender; and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement or the transactions described herein except as expressly set forth herein.

14.3. Lack of Reliance on Agent. Independently and without reliance upon Agent or any other Lender, each Lender has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Borrower and each Guarantor in connection with the making and the continuance of the Advances hereunder and the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of each Borrower and each Guarantor. Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Advances or at any time or times thereafter except as shall be provided by any Borrower pursuant to the terms hereof. Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any agreement, document, certificate or a statement delivered in connection with or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any Other Document, or of the financial condition of any Borrower or any Guarantor, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Notes, the Other Documents or the financial condition or prospects of any Borrower, or the existence of any Event of Default or any Default.

14.4. Resignation of Agent; Successor Agent. Agent may resign on sixty (60) days written notice to each Lender and Borrowing Agent and upon such resignation, Required Lenders will promptly designate a successor Agent reasonably satisfactory to Borrowers (provided that no such approval by Borrowers shall be required (i) in any case where the successor Agent is one of the Lenders or (ii) after the occurrence and during the continuance of any Event of Default). Any such successor Agent shall succeed to the rights, powers and duties of Agent, and shall in particular succeed to all of Agent's right, title and interest in and to all of the Liens in the Collateral securing the Obligations created hereunder or any Other Document (including the Mortgages, Pledge Agreement and all account control agreements), and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent. However, notwithstanding the foregoing, if at the time of the effectiveness of the new Agent's appointment, any further actions need to be taken in order to provide for the legally binding and valid transfer of any Liens in the Collateral from former Agent to new Agent and/or for the perfection of any Liens in the Collateral as held by new Agent or it is otherwise not then possible for new Agent to become the holder of a fully valid, enforceable and perfected Lien as to any of the Collateral, former Agent shall continue to hold such Liens solely as agent for perfection of such Liens on behalf of new Agent until such time as new Agent can obtain a fully valid, enforceable and perfected Lien on all Collateral, provided that Agent shall not be required to or have any liability or responsibility to take any further actions after such date as such agent for perfection to continue the perfection of any such Liens (other than to forego from taking any affirmative action to release any such Liens). After any Agent's resignation as Agent, the provisions of this Article XIV, and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement (and in the event resigning Agent continues to hold any Liens pursuant to the provisions of the immediately preceding sentence, the provisions of this Article XIV and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it in connection with such Liens).

14.5. Certain Rights of Agent. If Agent shall request instructions from Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any Other Document, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from Required Lenders; and Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, Lenders shall not have any right of action whatsoever against Agent as a result of its acting or refraining from acting hereunder in accordance with the instructions of Required Lenders.

14.6. Reliance. Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, email, facsimile, telex, teletype or telecopier message, cablegram, order or other document or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to this Agreement and the Other Documents and its duties hereunder, upon advice of counsel selected by it. Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

14.7. Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder or under the Other Documents, unless Agent has received notice from a Lender or Borrowing Agent referring to this Agreement or the Other Documents, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by Required Lenders; provided, that, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of Lenders.

14.8. Indemnification. To the extent Agent is not reimbursed and indemnified by Borrowers, each Lender will reimburse and indemnify Agent in proportion to its respective portion of the outstanding Advances and its respective Participation Commitments in the outstanding Letters of Credit and outstanding Swing Loans (or, if no Advances are outstanding, pro rata according to the percentage that its Revolving Commitment Amount and Equipment Loan Commitment Amount, as applicable constitutes the total aggregate Revolving Commitment Amounts and Equipment Loan Commitment Amounts), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in performing its duties hereunder, or in any way relating to or arising out of this Agreement or any Other Document; provided that Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment).

14.9. Agent in its Individual Capacity. With respect to the obligation of Agent to lend under this Agreement, the Advances made by it shall have the same rights and powers hereunder as any other Lender and as if it were not performing the duties as Agent specified herein; and the term "Lender" or any similar term shall, unless the context clearly otherwise indicates, include Agent in its individual capacity as a Lender. Agent may engage in business with any Borrower as if it were not performing the duties specified herein, and may accept fees and other consideration from any Borrower for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

14.10. Delivery of Documents. To the extent Agent receives financial statements required under Sections 9.7, 9.8, 9.9, 9.12 and 9.13 or Borrowing Base Certificates from any Borrower pursuant to the terms of this Agreement which any Borrower is not obligated to deliver to each Lender, Agent will promptly furnish such documents and information to Lenders.

14.11. Borrowers' Undertaking to Agent. Without prejudice to their respective obligations to Lenders under the other provisions of this Agreement, each Borrower hereby undertakes with Agent to pay to Agent from time to time on demand all amounts from time to time due and payable by it for the account of Agent or Lenders or any of them pursuant to this Agreement to the extent not already paid. Any payment made pursuant to any such demand shall pro tanto satisfy the relevant Borrower's obligations to make payments for the account of Lenders or the relevant one or more of them pursuant to this Agreement.

14.12. No Reliance on Agent's Customer Identification Program. To the extent the Advances or this Agreement is, or becomes, syndicated in cooperation with other Lenders, each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of Borrowers, their Affiliates or their agents, the Other Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such Anti-Terrorism Laws.

14.13. Other Agreements. Each of the Lenders agrees that it shall not, without the express consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the request of Agent, set off against the Obligations, any amounts owing by such Lender to any Borrower or any deposit accounts of any Borrower now or hereafter maintained with such Lender. Anything in this Agreement to the contrary notwithstanding, each of the Lenders further agrees that it shall not, unless specifically requested to do so by Agent, take any action to protect or enforce its rights arising out of this Agreement or the Other Documents, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Other Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders.

XV. BORROWING AGENCY.

15.1. Borrowing Agency Provisions.

(a) Each Borrower hereby irrevocably designates Borrowing Agent to be its attorney and agent and in such capacity to (i) borrow, (ii) request advances, (iii) request the issuance of Letters of Credit, (iv) sign and endorse notes, (v) execute and deliver all instruments, documents, applications, security agreements, reimbursement agreements and letter of credit agreements for Letters of Credit and all other certificates, notice, writings and further assurances now or hereafter required hereunder, (vi) make elections regarding interest rates, (vii) give instructions regarding Letters of Credit and agree with Issuer upon any amendment, extension or renewal of any Letter of Credit and (viii) otherwise take action under and in connection with this Agreement and the Other Documents, all on behalf of and in the name such Borrower or Borrowers, and hereby authorizes Agent to pay over or credit all loan proceeds hereunder in accordance with the request of Borrowing Agent.

(b) The handling of this credit facility as a co-borrowing facility with a borrowing agent in the manner set forth in this Agreement is solely as an accommodation to Borrowers and at their request. Neither Agent nor any Lender shall incur liability to Borrowers as a result thereof. To induce Agent and Lenders to do so and in consideration thereof, each Borrower hereby indemnifies Agent and each Lender and holds Agent and each Lender harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against Agent or any Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrowers as provided herein, reliance by Agent or any Lender on any request or instruction from Borrowing Agent or any other action taken by Agent or any Lender with respect to this Section 15.1 except due to willful misconduct or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Obligations shall be joint and several, and each Borrower shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Borrower shall in no way be affected by any extensions, renewals and forbearance granted by Agent or any Lender to any Borrower, failure of Agent or any Lender to give any Borrower notice of borrowing or any other notice, any failure of Agent or any Lender to pursue or preserve its rights against any Borrower, the release by Agent or any Lender of any Collateral now or thereafter acquired from any Borrower, and such agreement by each Borrower to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Agent or any Lender to the other Borrowers or any Collateral for such Borrower's Obligations or the lack thereof. Each Borrower waives all suretyship defenses.

15.2. Waiver of Subrogation. Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against the other Borrowers or any other Person directly or contingently liable for the Obligations hereunder, or against or with respect to any other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

XVI. MISCELLANEOUS.

16.1. Governing Law. This Agreement and each Other Document (unless and except to the extent expressly provided otherwise in any such Other Document), and all matters relating hereto or thereto or arising herefrom or therefrom (whether arising under contract law, tort law or otherwise) shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York. Any judicial proceeding brought by or against any Borrower with respect to any of the Obligations, this Agreement, the Other Documents or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and, by execution and delivery of this Agreement, each Borrower accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against any Borrower in the courts of any other jurisdiction where any of the Collateral is located. Each Borrower waives any objection to jurisdiction and venue of any action instituted hereunder in the State of New York or any state in which any of the Collateral is located and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens in any such state. Any judicial proceeding by any Borrower against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in the County of New York, State of New York.

16.2. Entire Understanding.

(a) This Agreement and the documents executed concurrently herewith contain the entire understanding between each Borrower, Agent and each Lender and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by each Borrower's, Agent's and each Lender's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Notwithstanding the foregoing, Agent may modify this Agreement or any of the Other Documents for the purposes of completing missing content of a non-material, administrative nature or correcting erroneous content of a non-material, administrative nature, without the need for a written amendment, provided that the Agent shall send a copy of any such modification to the Borrowers and each Lender (which copy may be provided by electronic mail). Each Borrower acknowledges that it has been advised by counsel in connection with the execution of this Agreement and Other Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(b) Required Lenders, Agent with the consent in writing of Required Lenders, and Borrowers may, subject to the provisions of this Section 16.2(b), from time to time enter into written supplemental agreements to this Agreement or the Other Documents executed by

Borrowers, for the purpose of adding or deleting any provisions or otherwise changing, varying or waiving in any manner the rights of Lenders, Agent or Borrowers thereunder or the conditions, provisions or terms thereof or waiving any Event of Default thereunder, but only to the extent specified in such written agreements; provided, however, that no such supplemental agreement shall:

(i) increase the Revolving Commitment Percentage, Term Loan Commitment Percentage or Equipment Loan Commitment Percentage, as applicable, or the maximum dollar amount of the Revolving Commitment Amount, Term Loan Commitment Amount or Equipment Loan Commitment Amount, as applicable of any Lender without the consent of such Lender directly affected thereby;

(ii) whether or not any Advances are outstanding, extend the Term or the time for payment of principal or interest of any Advance (excluding the due date of any mandatory prepayment of an Advance), or any fee payable to any Lender, or reduce the principal amount of or the rate of interest borne by any Advances or reduce any fee payable to any Lender, without the consent of each Lender directly affected thereby (except that Required Lenders may elect to waive or rescind any imposition of the Default Rate under Section 3.1 or of default rates of Letter of Credit fees under Section 3.2 (unless imposed by Agent));

(iii) increase the Maximum Revolving Advance Amount without the consent of all Lenders holding a Revolving Commitment;

(iv) alter the definition of the term Required Lenders or alter, amend or modify this Section 16.2(b) without the consent of all Lenders;

(v) alter, amend or modify the provisions of Section 11.5 without the consent of all Lenders;

(vi) release any Collateral during any calendar year (other than in accordance with the provisions of this Agreement) having an aggregate value in excess of $3.000,000 without the consent of all Lenders;

(vii) change the rights and duties of Agent without the consent of all Lenders;

(viii) subject to clause (e) below, permit any Revolving Advance to be made if after giving effect thereto the total of Revolving Advances outstanding hereunder would exceed the Formula Amount for more than sixty (60) consecutive Business Days or exceed one hundred and ten percent (110%) of the Formula Amount without the consent of each Lender directly affected thereby;

(ix) increase the Advance Rates above the Advance Rates in effect on the Closing Date without the consent of each Lender directly affected thereby; or

(x) release any Guarantor or Borrower without the consent of all Lenders.

(c) Any such supplemental agreement shall apply equally to each Lender and shall be binding upon Borrowers, Lenders and Agent and all future holders of the Obligations. In the case of any waiver, Borrowers, Agent and Lenders shall be restored to their former positions and rights, and any Event of Default waived shall be deemed to be cured and not continuing, but no waiver of a specific Event of Default shall extend to any subsequent Event of Default (whether or not the subsequent Event of Default is the same as the Event of Default which was waived), or impair any right consequent thereon.

(d) In the event that Agent requests the consent of a Lender pursuant to this Section 16.2 and such consent is denied, then Agent may, at its option, require such Lender to assign its interest in the Advances to Agent or to another Lender or to any other Person designated by Agent (the "Designated Lender"), for a price equal to (i) the then outstanding principal amount thereof plus (ii) accrued and unpaid interest and fees due such Lender, which interest and fees shall be paid when collected from Borrowers. In the event Agent elects to require any Lender to assign its interest to Agent or to the Designated Lender, Agent will so notify such Lender in writing within forty five (45) days following such Lender's denial, and such Lender will assign its interest to Agent or the Designated Lender no later than five (5) days following receipt of such notice pursuant to a Commitment Transfer Supplement executed by such Lender, Agent or the Designated Lender, as appropriate, and Agent.

(e) Notwithstanding (i) the existence of a Default or an Event of Default, (ii) that any of the other applicable conditions precedent set forth in Section 8.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, or (iii) any other contrary provision of this Agreement, Agent may at its discretion and without the consent of any Lender, voluntarily permit the outstanding Revolving Advances at any time to exceed an amount equal to the Formula Amount by up to ten percent (10%) of the Formula Amount for up to sixty (60) consecutive Business Days (the "Out- of-Formula Loans"). If Agent is willing in its sole and absolute discretion to permit such Out-of-Formula Loans, Lenders holding the Revolving Commitments shall be obligated to fund such Out-of-Formula Loans in accordance with their respective Revolving Commitment Percentages, and such Out-of-Formula Loans shall be payable on demand and shall bear interest at the Default Rate for Revolving Advances consisting of Domestic Rate Loans; provided that, if Agent does permit Out-of-Formula Loans, neither Agent nor Lenders shall be deemed thereby to have changed the limits of Section 2.1(a) nor shall any Lender be obligated to fund Revolving Advances in excess of its Revolving Commitment Amount. For purposes of this paragraph, the discretion granted to Agent hereunder shall not preclude involuntary overadvances that may result from time to time due to the fact that the Formula Amount was unintentionally exceeded for any reason, including, but not limited to, Collateral previously deemed to be either "Eligible Receivables", "Eligible Insured Foreign Receivables", or "Eligible Inventory", as applicable, becomes ineligible, collections of Receivables applied to reduce outstanding Revolving Advances are thereafter returned for insufficient funds or overadvances are made to protect or preserve the Collateral. In the event Agent involuntarily permits the outstanding Revolving Advances to exceed the Formula Amount by more than ten percent (10%), Agent shall use its efforts to have Borrowers decrease such excess in as expeditious a manner as is practicable under the circumstances and not inconsistent with the reason for such excess. Revolving Advances made after Agent has determined the existence of involuntary overadvances shall be deemed to be involuntary overadvances and shall be decreased in accordance with the preceding sentence.

To the extent any Out-of-Formula Loans are not actually funded by the other Lenders as provided for in this Section 16.2(e), Agent may elect in its discretion to fund such Out-of- Formula Loans and any such Out-of-Formula Loans so funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

(f) In addition to (and not in substitution of) the discretionary Revolving Advances permitted above in this Section 16.2, Agent is hereby authorized by Borrowers and Lenders, at any time in Agent's sole discretion, regardless of (i) the existence of a Default or an Event of Default, (ii) whether any of the other applicable conditions precedent set forth in Section 8.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, or (iii) any other contrary provision of this Agreement, to make Revolving Advances to Borrowers on behalf of Lenders which Agent, in its reasonable business judgment, deems necessary or desirable (a) to preserve or protect the Collateral, or any portion thereof, (b) to enhance the likelihood of, or maximize the amount of, repayment of the Advances and other Obligations, or (c) to pay any other amount chargeable to Borrowers pursuant to the terms of this Agreement (the "Protective Advances"). Lenders holding the Revolving Commitments shall be obligated to fund such Protective Advances and effect a settlement with Agent therefor upon demand of Agent in accordance with their respective Revolving Commitment Percentages. To the extent any Protective Advances are not actually funded by the other Lenders as provided for in this Section 16.2(f), any such Protective Advances funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

16.3. Successors and Assigns; Participations; New Lenders.

(a) This Agreement shall be binding upon and inure to the benefit of Borrowers, Agent, each Lender, all future holders of the Obligations and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Agent and each Lender.

(b) Each Borrower acknowledges that in the regular course of commercial banking business one or more Lenders may at any time and from time to time sell participating interests in the Advances to other Persons (each such transferee or purchaser of a participating interest, a "Participant"). Each Participant may exercise all rights of payment (including rights of set-off) with respect to the portion of such Advances held by it or other Obligations payable hereunder as fully as if such Participant were the direct holder thereof provided that (i) Borrowers shall not be required to pay to any Participant more than the amount which it would have been required to pay to Lender which granted an interest in its Advances or other Obligations payable hereunder to such Participant had such Lender retained such interest in the Advances hereunder or other Obligations payable hereunder unless the sale of the participation to such Participant is made with Borrower's prior written consent, and (ii) in no event shall Borrowers be required to pay any such amount arising from the same circumstances and with respect to the same Advances or other Obligations payable hereunder to both such Lender and

such Participant. Each Borrower hereby grants to any Participant a continuing security interest in any deposits, moneys or other property actually or constructively held by such Participant as security for the Participant's interest in the Advances.

(c) Any Lender, with the consent of Agent, may sell, assign or transfer all or any part of its rights and obligations under or relating to Revolving Advances, Equipment Loans and/or Term Loans under this Agreement and the Other Documents to one or more additional Persons and one or more additional Persons may commit to make Advances hereunder (each a "Purchasing Lender"), in minimum amounts of not less than $5,000,000, pursuant to a Commitment Transfer Supplement, executed by a Purchasing Lender, the transferor Lender, and Agent and delivered to Agent for recording, provided, however, that each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to each of the Revolving Advances, Equipment Loans and/or Term Loans] under this Agreement in which such Lender has an interest. Upon such execution, delivery, acceptance and recording, from and after the transfer effective date determined pursuant to such Commitment Transfer Supplement, (i) Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder with a Revolving Commitment Percentage, Term Loan Commitment Percentage and/or Equipment Loan Commitment Percentage, as applicable as set forth therein, and (ii) the transferor Lender thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement, the Commitment Transfer Supplement creating a novation for that purpose. Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentages, Term Loan Commitment Percentages and/or Equipment Loan Commitment Percentages, as applicable arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Each Borrower hereby consents to the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentage, Term Loan Commitment Percentages and/or Equipment Loan Commitment Percentages, as applicable arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Borrowers shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(d) Any Lender, with the consent of Agent which shall not be unreasonably withheld or delayed, may directly or indirectly sell, assign or transfer all or any portion of its rights and obligations under or relating to Revolving Advances, Equipment Loans and/or Term Loans under this Agreement and the Other Documents to an entity, whether a corporation, partnership, trust, limited liability company or other entity that (i) is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and (ii) is administered, serviced or managed by the assigning Lender or an Affiliate of such Lender (a "Purchasing CLO" and together with each Participant and Purchasing Lender, each a "Transferee" and collectively the "Transferees"), pursuant to a Commitment Transfer Supplement modified as appropriate to reflect the interest being assigned ("Modified Commitment Transfer Supplement"), executed by any intermediate purchaser, the Purchasing CLO, the transferor Lender, and Agent as appropriate and delivered to Agent for

recording. Upon such execution and delivery, from and after the transfer effective date determined pursuant to such Modified Commitment Transfer Supplement, (i) Purchasing CLO thereunder shall be a party hereto and, to the extent provided in such Modified Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder and (ii) the transferor Lender thereunder shall, to the extent provided in such Modified Commitment Transfer Supplement, be released from its obligations under this Agreement, the Modified Commitment Transfer Supplement creating a novation for that purpose. Such Modified Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing CLO. Each Borrower hereby consents to the addition of such Purchasing CLO. Borrowers shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(e) Agent, acting as a non-fiduciary agent of Borrowers, shall maintain at its address a copy of each Commitment Transfer Supplement and Modified Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of each Lender and the outstanding principal, accrued and unpaid interest and other fees due hereunder. The entries in the Register shall be conclusive, in the absence of manifest error, and each Borrower, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Advance recorded therein for the purposes of this Agreement. The Register shall be available for inspection by Borrowing Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice. Agent shall receive a fee in the amount of $3,500 payable by the applicable Purchasing Lender and/or Purchasing CLO upon the effective date of each transfer or assignment (other than to an intermediate purchaser) to such Purchasing Lender and/or Purchasing CLO.

(f) Each Borrower authorizes each Lender to disclose to any Transferee and any prospective Transferee any and all financial information in such Lender's possession concerning such Borrower which has been delivered to such Lender by or on behalf of such Borrower pursuant to this Agreement or in connection with such Lender's credit evaluation of such Borrower.

(g) Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time and from time to time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

16.4. Application of Payments. Agent shall have the continuing and exclusive right to apply or reverse and re-apply any payment and any and all proceeds of Collateral to any portion of the Obligations. To the extent that any Borrower makes a payment or Agent or any Lender receives any payment or proceeds of the Collateral for any Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the Obligations or part thereof intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Agent or such Lender.

16.5. Indemnity. Each Borrower shall defend, protect, indemnify, pay and save harmless Agent, Issuer, each Lender and each of their respective officers, directors, Affiliates, attorneys, employees and agents (each an "Indemnified Party") for and from and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, fines, actions, judgments, suits, costs, charges, expenses and disbursements of any kind or nature whatsoever (including fees and disbursements of counsel (including allocated costs of internal counsel)) (collectively, "Claims") which may be imposed on, incurred by, or asserted against any Indemnified Party in arising out of or in any way relating to or as a consequence, direct or indirect, of: (i) this Agreement, the Other Documents, the Advances and other Obligations and/or the transactions contemplated hereby including the Transactions, (ii) any action or failure to act or action taken only after delay or the satisfaction of any conditions by any Indemnified Party in connection with and/or relating to the negotiation, execution, delivery or administration of the Agreement and the Other Documents, the credit facilities established hereunder and thereunder and/or the transactions contemplated hereby including the Transactions, (iii) any Borrower's or any Guarantor's failure to observe, perform or discharge any of its covenants, obligations, agreements or duties under or breach of any of the representations or warranties made in this Agreement and the Other Documents, (iv) the enforcement of any of the rights and remedies of Agent, Issuer or any Lender under the Agreement and the Other Documents, (v) any threatened or actual imposition of fines or penalties, or disgorgement of benefits, for violation of any Anti- Terrorism Law by any Borrower, any Affiliate or Subsidiary of any Borrowers, or any Guarantor, and (vi) any claim, litigation, proceeding or investigation instituted or conducted by any Governmental Body or instrumentality or any other Person with respect to any aspect of, or any transaction contemplated by, or referred to in, or any matter related to, this Agreement or the Other Documents, whether or not Agent or any Lender is a party thereto. Without limiting the generality of any of the foregoing, each Borrower shall defend, protect, indemnify, pay and save harmless each Indemnified Party from (x) any Claims which may be imposed on, incurred by, or asserted against any Indemnified Party arising out of or in any way relating to or as a consequence, direct or indirect, of the issuance of any Letter of Credit hereunder and (y) any Claims which may be imposed on, incurred by, or asserted against any Indemnified Party under any Environmental Laws with respect to or in connection with the Real Property, any Hazardous Discharge, the presence of any Hazardous Materials affecting the Real Property (whether or not the same originates or emerges from the Real Property or any contiguous real estate), including any Claims consisting of or relating to the imposition or assertion of any Lien on any of the Real Property under any Environmental Laws and any loss of value of the Real Property as a result of the foregoing except to the extent such loss, liability, damage and expense is attributable to any Hazardous Discharge resulting from actions on the part of Agent or any Lender. Borrowers' obligations under this Section 16.5 shall arise upon the discovery of the presence of any Hazardous Materials at the Real Property, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Materials. Without limiting the generality of the foregoing, this indemnity shall extend to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including fees and disbursements of counsel) asserted against or incurred by any of the Indemnified Parties by any Person under any Environmental Laws or similar laws by reason of any Borrower's or any other Person's failure to comply with laws applicable to solid or hazardous waste materials, including Hazardous Materials and Hazardous Waste, or other Toxic Substances. Additionally, if any

taxes (excluding taxes imposed upon or measured solely by the net income of Agent and Lenders, but including any intangibles taxes, stamp tax, recording tax or franchise tax) shall be payable by Agent, Lenders or Borrowers on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any of the Other Documents, or the creation or repayment of any of the Obligations hereunder, by reason of any Applicable Law now or hereafter in effect, Borrowers will pay (or will promptly reimburse Agent and Lenders for payment of) all such taxes, including interest and penalties thereon, and will indemnify and hold the Indemnified Parties harmless from and against all liability in connection therewith. Notwithstanding the foregoing, Borrowers will have no obligations to any Indemnified Party under this Section 16.5 to the extent that any Claim arises out of the gross negligence or willful misconduct of the Indemnified Party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

16.6. Notice. Any notice or request hereunder may be given to Borrowing Agent or any Borrower or to Agent or any Lender at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice, request, demand, direction or other communication (for purposes of this Section 16.6 only, a "Notice") to be given to or made upon any party hereto under any provision of this Agreement shall be given or made by telephone or in writing (which includes by means of electronic transmission (i.e., "e-mail") or facsimile transmission or by setting forth such Notice on a website to which Borrowers are directed (an "Internet Posting") if Notice of such Internet Posting (including the information necessary to access such site) has previously been delivered to the applicable parties hereto by another means set forth in this Section 16.6) in accordance with this Section 16.6. Any such Notice must be delivered to the applicable parties hereto at the addresses and numbers set forth under their respective names on Section 16.6 hereof or in accordance with any subsequent unrevoked Notice from any such party that is given in accordance with this Section 16.6. Any Notice shall be effective:

(a) In the case of hand-delivery, when delivered;

(b) If given by mail, four (4) days after such Notice is deposited with the United States Postal Service, with first-class postage prepaid, return receipt requested;

(c) In the case of a telephonic Notice, when a party is contacted by telephone, if delivery of such telephonic Notice is confirmed no later than the next Business Day by hand delivery, a facsimile or electronic transmission, an Internet Posting or an overnight courier delivery of a confirmatory Notice (received at or before noon on such next Business Day);

(d) In the case of a facsimile transmission, when sent to the applicable party's facsimile machine's telephone number, if the party sending such Notice receives confirmation of the delivery thereof from its own facsimile machine;

(e) In the case of electronic transmission, when actually received;

(f) In the case of an Internet Posting, upon delivery of a Notice of such posting (including the information necessary to access such site) by another means set forth in this Section 16.6; and

(g) If given by any other means (including by overnight courier), when actually received.

Any Lender giving a Notice to Borrowing Agent or any Borrower shall concurrently send a copy thereof to Agent, and Agent shall promptly notify the other Lenders of its receipt of such Notice.

(A) If to Agent or PNC at:

PNC Bank, National Association
1600 Market Street, 31st Floor
Philadelphia, PA 19103
Attention: Neil Otte
Telephone:
Facsimile:

with a copy to:

Blank Rome LLP
130 North 18th Street
Philadelphia, PA 19103
Attention: Michael C. Graziano, Esquire
Telephone:
Facsimile:

(B) If to a Lender other than Agent, as specified on the signature pages hereof

(C) If to Borrowing Agent or any Borrower:

Vital Farms, Inc.
3913 Todd Lane
Austin, Texas 78744
Attention: Jason Dale
Telephone:

with a copy to:

Integral Business Counsel, PLLC
3826 Delashmutt Drive
Haymarket, VA 20169
Attention: Michael W. Kardash
Telephone:
Facsimile:

16.7. Survival. The obligations of Borrowers under Sections 2.2(f), 2.2(g), 2.2(h), 3.7, 3.8, 3.9, 3.10, 16.5 and 16.9 and the obligations of Lenders under Sections 2.2, 2.15(b), 2.16, 2.18, 2.19, 14.8 and 16.5, shall survive termination of this Agreement and the Other Documents and payment in full of the Obligations.

16.8. Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

16.9. Expenses. Borrowers shall pay (i) all out-of-pocket expenses incurred by Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Agent), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Other Documents or any amendments, modifications or waivers of the provisions hereof or thereof, (ii) all out-of-pocket expenses incurred by Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all out-of-pocket expenses incurred by Agent, any Lender or Issuer (including the fees, charges and disbursements of any counsel for Agent, any Lender or Issuer) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Other Documents, including its rights under this Sections 3.4(b) and 4.7, or (B) in connection with the Advances made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, and (iv) subject to the limitations set forth in Sections 3.4(b) and 4.7, all reasonable out-of-pocket expenses of Agent's regular employees and agents engaged periodically to perform audits of any Borrower's or any Subsidiary's books, records and business properties.

16.10. Injunctive Relief. Each Borrower recognizes that, in the event any Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, or threatens to fail to perform, observe or discharge such obligations or liabilities, any remedy at law may prove to be inadequate relief to Lenders; therefore, Agent, if Agent so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

16.11. Consequential Damages. Neither Agent nor any Lender, nor any agent or attorney for any of them, shall be liable to any Borrower, or any Guarantor (or any Affiliate of any such Person) for indirect, punitive, exemplary or consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations or as a result of any transaction contemplated under this Agreement or any Other Document. Neither Borrowing Agent nor any Borrower, nor any agent or attorney for any of them, shall be liable to Agent, any Lender or any Issuer (or any Affiliate of such Person) for indirect, punitive, exemplary or consequential damages arising from any breach of contract, tort or other wrong relating to or as a result of any transaction contemplated under this Agreement or any Other Document.

16.12. Captions. The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

16.13. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF image) shall be deemed to be an original signature hereto.

16.14. Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

16.15. Confidentiality; Sharing Information. Agent, each Lender and each Transferee shall hold all non-public information obtained by Agent, such Lender or such Transferee pursuant to the requirements of this Agreement in accordance with Agent's, such Lender's and such Transferee's customary procedures for handling confidential information of this nature; provided, however, Agent, each Lender and each Transferee may disclose such confidential information (a) to its examiners, Affiliates, outside auditors, counsel and other professional advisors, (b) to Agent, any Lender or to any prospective Transferees, and (c) as required or requested by any Governmental Body or representative thereof or pursuant to legal process; provided, further that (i) unless specifically prohibited by Applicable Law, Agent, each Lender and each Transferee shall use its reasonable best efforts prior to disclosure thereof, to notify the applicable Borrower of the applicable request for disclosure of such non-public information (A) by a Governmental Body or representative thereof (other than any such request in connection with an examination of the financial condition of a Lender or a Transferee by such Governmental Body) or (B) pursuant to legal process and (ii) in no event shall Agent, any Lender or any Transferee be obligated to return any materials furnished by any Borrower other than those documents and instruments in possession of Agent or any Lender in order to perfect its Lien on the Collateral once the Obligations have been paid in full and this Agreement has been terminated. Each Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to such Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each Borrower hereby authorizes each Lender to share any information delivered to such Lender by such Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such Subsidiary or Affiliate of such Lender, it being understood that any such Subsidiary or Affiliate of any Lender receiving such information shall be bound by the provisions of this Section 16.15 as if it were a Lender hereunder. Such authorization shall survive the repayment of the other Obligations and the termination of this Agreement. Notwithstanding any non-disclosure agreement or similar document executed by Agent in favor of any Borrower or any of any Borrower's affiliates, the provisions of this Agreement shall supersede such agreements.

16.16. Publicity. Each Borrower and each Lender hereby authorizes Agent to make appropriate announcements of the financial arrangement entered into among Borrowers, Agent and Lenders, including announcements which are commonly known as tombstones, in such publications and to such selected parties as Borrowers shall approve in advance.

16.17. Certifications From Banks and Participants; USA PATRIOT Act.

(a) Each Lender or assignee or participant of a Lender that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA PATRIOT Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA PATRIOT Act and the applicable regulations: (1) within ten (10) days after the Closing Date, and (2) as such other times as are required under the USA PATRIOT Act.

(b) The USA PATRIOT Act requires all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Lender may from time to time request, and each Borrower shall provide to Lender, such Borrower's name, address, tax identification number and/or such other identifying information as shall be necessary for Lender to comply with the USA PATRIOT Act and any other Anti-Terrorism Law.

16.18. Anti-Terrorism Laws.

(a) Each Borrower represents and warrants that (i) no Covered Entity is a Sanctioned Person and (ii) no Covered Entity, either in its own right or through any third party, (A) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (C) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(b) Each Borrower covenants and agrees that (i) no Covered Entity will become a Sanctioned Person, (ii) no Covered Entity, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (iii) the funds used to repay the Obligations will not be derived from any unlawful activity, (iv) each Covered Entity shall comply with all Anti-Terrorism Laws and (v) the Borrowers shall promptly notify the Agent in writing upon the occurrence of a Reportable Compliance Event.

Each of the parties has signed this Agreement as of the day and year first above written.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

SAGEBRUSH FOODSERVICE, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BARN DOOR FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BACKYARD EGGS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

(Signature Page to Revolving Credit, Term Loan and Security Agreement]

PNC BANK, NATIONAL ASSOCIATION,
As Lender and as Agent

By: /s/ Keith Moellering
Name: Keith Moellering
Title: Senior Vice President

Revolving Commitment Percentage: I00%
Revolving Commitment Amount $10,000,000

Term Loan Commitment Percentage: I 00%
Term Loan Commitment Amount $4,700,000

Equipment Loan Commitment Percentage: 100%
Equipment Loan Commitment Amount $1,500,000

EXHIBIT 1.2

FORM OF BORROWING BASE CERTIFICATE

Provided Separately by Agent

EXHIBIT 1.2(a)

FORM OF COMPLIANCE CERTIFICATE

PNC Bank, National Association
1600 Market Street
Philadelphia, PA 19103
Attention: Neil Otte

The undersigned, the [Chief Financial Officer] [Controller] of Vital Farms, Inc., a Delaware corporation ("Borrowing Agent"), gives this certificate to PNC Bank, National Association ("Agent") in accordance with the requirements of Sections 9.7, 9.8, or 9.9, as applicable, of that certain Revolving Credit, Term Loan, and Security Agreement dated October 4, 2017, among Borrowing Agent, Vital Farms of Missouri, LLC, a Missouri limited liability company ("Vital Farms Missouri"), Vital Farms, LLC, a Montana limited liability company ("Vital Farms Montana"), Sagebrush Foodservice, LLC, a Delaware limited liability company ("Sagebrush"), Barn Door Farms, LLC, a Delaware limited liability company ("Barn Door"), Backyard Eggs, LLC, a Delaware limited liability company ("Backyard", together with Borrowing Agent, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined thereto as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower") the financial institutions which are now or which hereafter become a party thereto (collectively, the "Lenders" and each individually, a "Lender") and Agent, as agent for Lenders. (as amended, restated, supplemented or modified from time to time, the "Loan Agreement"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to them in the Loan Agreement.

I hereby certify, in my capacity as [Chief Financial Officer] [Controller] of Borrowing Agent, and not individually, as follows:

1. Based upon my review of the consolidated and consolidating balance sheets and statements of income of Borrowers for the fiscal period ending [ ], copies of which are attached hereto:

(a) the Fixed Charge Coverage Ratio was [ ] to 1.0 (Minimum Required – Not less than 1.05 to 1.0 as of the end of the fiscal quarters ending December 31, 2017, March 31, 2018, June 30, 2018 and September 30, 2018; not less than 1.10 to 1.0 as of the end of the fiscal quarters ending December 31, 2018 and March 31, 2019; not less than 1.15 to 1.0 as of the end of the fiscal quarters ending June 30, 2019 and September 30, 2019 and not less than 1.20 to 1.0 as of the end of the fiscal quarter ending December 31, 2019 and each fiscal quarter thereafter);

(b) the ratio of Funded Debt to EBITDA was [ ] to 1.0 (Maximum Permitted – Not greater than 3.35 to 1.0 as of the end of the fiscal quarter ending September 30, 2018 and not greater than 3.00 to 1.0 as of the end of the fiscal quarter ending December 31, 2018 and each fiscal quarter thereafter, all on a rolling four quarter basis);

(c) to the best of my knowledge, each Borrower is in compliance in all material respects with all federal, state and local Environmental Laws; and

(d) Each Borrower is in compliance with the requirements of Sections 6.5, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.10 and 7.11 of the Loan Agreement.

Attached as Schedule "A" are the details underlying such financial covenant calculations.

2. No Default exists on the date hereof, other than: [if none, so state];

3. No Event of Default exists on the date hereof, other than: [if none, so state]; and

4. Attached as Schedule "B" are updated Schedules in accordance with Section 9.17 of the Loan Agreement.

Very truly yours,

By:_____ Name: _____
Title: _____

EXHIBIT 2.1(a)

FORM OF REVOLVING CREDIT NOTE

$10,000,000 October 4, 2017

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of TEN MILLION DOLLARS ($10,000,000) or such lesser sum which then represents PNC's Revolving Commitment Percentage of the aggregate unpaid principal amount of all Revolving Advances made or extended to Borrowers by PNC pursuant to the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal hereunder remaining unpaid from time to time, at the rate or rates from time to time in effect under the Loan Agreement.

THIS REVOLVING CREDIT NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among the Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Revolving Credit Note is the Revolving Credit Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

THIS REVOLVING CREDIT NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Revolving Credit Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: _____
Name:
Title:

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: _____
Name:
Title:

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

EXHIBIT 2.3(a)

FORM OF TERM LOAN NOTE

$4,700,000 October 4, 2017

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of FOUR MILLION SEVEN HUNDRED THOUSAND DOLLARS ($4,700,000) or such lesser sum which then represents PNC's Term Loan Commitment Percentage of the aggregate unpaid principal amount of the Term Loan, in installments of principal as set forth in the Loan Agreement, each of which installments of principal shall be due and payable in accordance with the terms of the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal amount hereunder remaining unpaid from time to time until this Term Loan Note is fully paid, at the rate or rates from time to time in effect under the Loan Agreement.

THIS TERM LOAN NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings provided in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Term Loan Note is the Term Loan Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

THIS TERM LOAN NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Term Loan Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: _____
Name:
Title:

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: _____
Name:
Title:

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

EXHIBIT 2.3(b)

FORM OF EQUIPMENT NOTE

$1,500,000 October 4, 2017

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000) or such lesser sum which then represents PNC's Equipment Loan Commitment Percentage of the aggregate unpaid principal amount of the Equipment Loans, in installments of principal as set forth in the Loan Agreement, each of which installments of principal shall be due and payable in accordance with the terms of the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal amount hereunder remaining unpaid from time to time until this Equipment Note is fully paid, at the rate or rates from time to time in effect under the Loan Agreement.

THIS EQUIPMENT NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings provided in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Equipment Note is the Equipment Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

THIS EQUIPMENT NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Equipment Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: _____
Name:
Title:

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: _____
Name:
Title:

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

EXHIBIT 2.4(a)

FORM OF SWING LOAN NOTE

$0 October 4, 2017

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of ZERO DOLLARS ($0) or such lesser sum which then represents PNC's Revolving Commitment Percentage of the aggregate unpaid principal amount of all Revolving Advances made or extended to Borrowers by PNC pursuant to the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal hereunder remaining unpaid from time to time, at the rate or rates from time to time in effect under the Loan Agreement.

THIS SWING LOAN NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among the Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Swing Loan Note is the Swing Loan Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

THIS SWING LOAN NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Swing Loan Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: _____
Name:
Title:

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: _____
Name:
Title:

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: _____
Name:
Title:

EXHIBIT 5.5(b)

FINANCIAL PROJECTIONS

EXHIBIT 8.1(g)

FINANCIAL CONDITION CERTIFICATE

October 4, 2017

TO: **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), in connection with that certain Revolving Credit, Term Loan and Security Agreement dated October 4, 2017, (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") among **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), the various financial institutions named therein or which hereafter become a party thereto as lenders (collectively, the "Lenders" and each a "Lender") and PNC, as agent for the Lenders (in such capacity, the "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

In connection with the Loan Agreement and the Other Documents, I hereby certify that, effective as of the execution of the Loan Agreement and the Other Documents, I am the duly elected, qualified and acting Chief Financial Officer of Borrowing Agent, and, in such capacity, I hereby conclude to my knowledge that:

A. The execution and delivery of the Loan Agreement and the Other Documents and the granting of any security interests or Liens pursuant to the Loan Agreement and the Other Documents by Borrowers will not render any Borrower insolvent. I understand that, in this context, "insolvent" with respect to a Borrower means that the present fair valuation of such Borrower's assets taken as a whole is less than the present fair valuation of its probable liabilities.

B. I conclude that the execution and delivery of the Loan Agreement and the Other Documents and the granting of the security interests and Liens pursuant to the Loan Agreement and the Other Documents by Borrowers will not leave any Borrower with property remaining in its hands which would constitute unreasonably small capital for such Borrower's business or the Borrowers' business taken as a whole. In reaching this conclusion, I understand that "unreasonably small capital" depends upon the nature of Borrowers' business as presently conducted, and I have reached my conclusion based on the actual and reasonably anticipated needs for capital of the business anticipated to be conducted by Borrowers and consistent with the Projections (as such term is defined below) and other information described herein.

C. I conclude that Borrowers will not, taken as a whole, likely incur debts beyond their ability to pay as such debts mature. This conclusion is based, in part, upon my review of the

projections provided by the Borrowers to the Agent ("Projections"), which project that Borrowers will have positive cash flow after paying all of their scheduled and anticipated indebtedness as it matures. I have concluded that the realization from Borrowers' assets in the ordinary and usual course of business, taken as a whole, will be sufficient to pay their recurring current debt, short term debt, and long term debt as such debts require.

D. As of the date hereof: (a) no Borrower has been served with any summons or other notice in respect of any litigation or other proceeding pending or threatened against or affecting it or any of its properties or assets, which, if determined adversely to such Borrower, would reasonably be expected to have a Material Adverse Effect; and (b) no Borrower is in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Body by which such Borrower is currently bound.

E. No Borrower has executed the Loan Agreement or any of the Other Documents or made any transfer or incurred any obligations thereunder with actual intent to hinder, delay, or defraud either present or future creditors.

I understand that the Agent and the Lenders are relying on the truth and accuracy of the foregoing in connection with the extensions of credit under the Loan Agreement.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

I hereby certify, in my capacity as Chief Financial Officer of Borrowing Agent, and not individually, that the foregoing information is true and correct and execute this certificate as of the date first written above.

Jason Dale, Chief Financial Officer of Borrowing Agent

EXHIBIT 16.3

COMMITMENT TRANSFER SUPPLEMENT

COMMITMENT TRANSFER SUPPLEMENT, dated as of , , among [ ] (the "Transferor Lender"), [ ], ("Purchasing Lender"), and PNC Bank, National Association, as agent for the Lenders under the Revolving Credit, Term Loan and Security Agreement described below (in such capacity, the "Agent").

W I T N E S S E T H

WHEREAS, this Commitment Transfer Supplement is being executed and delivered in accordance with Section 16.3 of that certain Revolving Credit, Term Loan and Security Agreement dated as of October 4, 2017 by and among Vital Farms, Inc., a corporation formed under the laws of the State of Delaware ("Vital Farms"), Vital Farms of Missouri, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), Vital Farms, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), Sagebrush Foodservice, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), Barn Door Farms, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), Backyard Eggs, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), PNC Bank, National Association ("PNC"), each of the other financial institutions named in or which hereafter become a party thereto (PNC and such other financial institutions, the "Lenders") and PNC as agent for Lenders (as same may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Credit Agreement");

WHEREAS, Purchasing Lender wishes to become a Lender party to the Credit Agreement; and

WHEREAS, the Transferor Lender is selling and assigning to Purchasing Lender rights, obligations and commitments under the Credit Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. All capitalized terms used herein which are not defined shall have the meanings given to them in the Credit Agreement.

2. Upon receipt by the Agent of four counterparts of this Commitment Transfer Supplement, to each of which is attached a fully completed Schedule I, and each of which has been executed by the Transferor Lender and Agent, Agent will transmit to Transferor Lender and Purchasing Lender a Transfer Effective Notice, substantially in the form of Schedule II to this Commitment Transfer Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall set forth, inter alia, the date on which the transfer effected by this Commitment

Transfer Supplement shall become effective (the "Transfer Effective Date"), which date unless otherwise noted therein, shall not be earlier than the first Business Day following the date such Transfer Effective Notice is received. From and after the Transfer Effective Date, Purchasing Lender shall be a Lender party to the Credit Agreement for all purposes thereof.

3. At or before 12:00 Noon on the Transfer Effective Date, Purchasing Lender shall pay to Transferor Lender, in immediately available funds, an amount equal to the purchase price, as agreed between Transferor Lender and such Purchasing Lender (the "Purchase Price"), of the portion of the Advances being purchased by such Purchasing Lender (such Purchasing Lender's "Purchased Percentage") of the outstanding Advances and other amounts owing to the Transferor Lender under the Credit Agreement, and the Notes. Effective upon receipt by Transferor Lender of the Purchase Price from the Purchasing Lender, Transferor Lender hereby irrevocably sells, assigns and transfers to such Purchasing Lender, without recourse, representation or warranty, and Purchasing Lender hereby irrevocably purchases, takes and assumes from Transferor Lender, such Purchasing Lender's Purchased Percentage of the Advances and other amounts owing to the Transferor Lender under the Credit Agreement and the Notes together with all instruments, documents and collateral security pertaining thereto.

4. Transferor Lender has made arrangements with Purchasing Lender with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by Transferor Lender to such Purchasing Lender of any fees heretofore received by Transferor Lender pursuant to the Credit Agreement prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates of payment, by such Purchasing Lender to Transferor Lender of fees or interest received by such Purchasing Lender pursuant to the Credit Agreement from and after the Transfer Effective Date.

5. (a) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of Transferor Lender pursuant to the Credit Agreement and the Notes shall, instead, be payable to or for the account of Transferor Lender and Purchasing Lender, as the case may be, in accordance with their respective interests as reflected in this Commitment Transfer Supplement.

(b) All interest, fees and other amounts that would otherwise accrue for the account of Transferor Lender from and after the Transfer Effective Date pursuant to the Credit Agreement and the Notes shall, instead, accrue for the account of, and be payable to, Transferor Lender and Purchasing Lender, as the case may be, in accordance with their respective interests as reflected in this Commitment Transfer Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by any Purchasing Lender, Transferor Lender and Purchasing Lender will make appropriate arrangements for payment by Transferor Lender to such Purchasing Lender of such amount upon receipt thereof from Borrowers.

6. Concurrently with the execution and delivery hereof, Transferor Lender will provide to Purchasing Lender conformed copies of the Credit Agreement and all related documents delivered to Transferor Lender.

7. Each of the parties to this Commitment Transfer Supplement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Commitment Transfer Supplement.

8. By executing and delivering this Commitment Transfer Supplement, Transferor Lender and Purchasing Lender confirm to and agree with each other and Agent and Lenders as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, Transferor Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the Notes or any other instrument or document furnished pursuant thereto; (ii) Transferor Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance or observance by Borrowers of any of their Obligations under the Credit Agreement, the Notes or any other instrument or document furnished pursuant hereto; (iii) Purchasing Lender confirms that it has received a copy of the Credit Agreement, together with copies of such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Commitment Transfer Supplement; (iv) Purchasing Lender will, independently and without reliance upon Agent, Transferor Lender or any other Lenders and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (v) Purchasing Lender appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof; (vi) Purchasing Lender agrees that it will perform all of its respective obligations as set forth in the Credit Agreement to be performed by it as a Lender; and (vii) Purchasing Lender represents and warrants to Transferor Lender, Lenders, Agent and Borrowers that it is either (x) entitled to the benefits of an income tax treaty with the United States of America that provides for an exemption from the United States withholding tax on interest and other payments made by Borrowers under the Credit Agreement and Other Documents or (y) is engaged in trade or business within the United States of America.

9. Schedule I hereto sets forth the revised Commitment Percentage of Transferor Lender and the Commitment Percentage of Purchasing Lender as well as administrative information with respect to Purchasing Lender.

10. This Commitment Transfer Supplement shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York.

[Signatures Begin on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Transfer Supplement to be executed by their respective duly authorized officers on the date set forth above.

_____
as Transferor Lender

By: _____
Name: _____
Title: _____

_____
as Purchasing Lender

By: _____
Name: _____
Title: _____

PNC BANK, NATIONAL ASSOCIATION
as Agent

By: _____
Name: _____
Title: _____

SCHEDULE I TO COMMITMENT TRANSFER SUPPLEMENT

LIST OF OFFICES, ADDRESSES FOR NOTICES AND COMMITMENT AMOUNTS

PNC Bank, National Association	Revised Commitment Amount	$_____
	Revised Commitment Percentage	_____%
	Commitment Amount	$_____
	Commitment Percentage	_____%

Addresses for Notices for Purchasing Lender

Attention:
Telephone:
Telecopier:

SCHEDULE II TO COMMITMENT TRANSFER SUPPLEMENT

[Form of Transfer Effective Notice]

To: , as Transferor Lender and , as Purchasing Lender:

The undersigned, as Agent under the Revolving Credit, Term Loan and Security Agreement dated as of October 4, 2017 by and among Vital Farms, Inc., a corporation formed under the laws of the State of Delaware ("Vital Farms"), Vital Farms of Missouri, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), Vital Farms, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), Sagebrush Foodservice, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), Barn Door Farms, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), Backyard Eggs, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), PNC Bank, National Association ("PNC"), each of the other financial institutions named in or which hereafter become a party thereto (PNC and such other financial institutions, the "Lenders") and PNC as agent for Lenders (as same may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Credit Agreement"), acknowledges receipt of four (4) executed counterparts of a completed Commitment Transfer Supplement in the form attached hereto. [Note: Attach copy of Commitment Transfer Supplement.] Terms defined in such Commitment Transfer Supplement are used herein as therein defined.

Pursuant to such Commitment Transfer Supplement, you are advised that the Transfer Effective Date will be , .

PNC BANK, NATIONAL ASSOCIATION, as Agent

By: _____

Title: _____

ACCEPTED FOR RECORDATION IN REGISTER:

Transfer Effective Notice

To: PNC Bank, National Association, as Transferor Lender and , as Purchasing Lender:

The undersigned, as Agent under the Revolving Credit, Term Loan and Security Agreement dated as of October 4, 2017 by and among Vital Farms, Inc., a corporation formed under the laws of the State of Delaware ("Vital Farms"), Vital Farms of Missouri, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), Vital Farms, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), Sagebrush Foodservice, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), Barn Door Farms, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), Backyard Eggs, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), PNC Bank, National Association ("PNC"), each of the other financial institutions named in or which hereafter become a party thereto (PNC and such other financial institutions, the "Lenders") and PNC as agent for Lenders (as same may be amended, supplemented or otherwise modified in accordance with the terms thereof, the "Credit Agreement"), acknowledges receipt of four (4) executed counterparts of a completed Commitment Transfer Supplement in the form attached hereto. Terms defined in such Commitment Transfer Supplement are used herein as therein defined.

Pursuant to such Commitment Transfer Supplement, you are advised that the Transfer Effective Date will be , .

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By: _____
Name: _____
Title: _____

ACCEPTED FOR RECORDATION IN REGISTER:

Exhibit 10.16

FIRST AMENDMENT TO

REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This First Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 13th day of April, 2018 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. Certain Events of Default have occurred under the Loan Agreement as a result of (i) the failure of Borrowers to maintain a Fixed Charge Coverage Ratio of not less than 1.05 to 1.00 for the period ended December 31, 2017 as required under Section 6.5(a) of the Loan Agreement and (ii) the failure of Borrowers to maintain EBITDA of not less than $1,150,000 for the three (3) month period ended December 31, 2017 as required under Section 6.5(c) of the Loan Agreement (collectively, the "Existing Events of Default").

C. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to (i) waive the Existing Events of Default and (ii) modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Waiver of Existing Events of Default. Subject to the terms and conditions contained herein, upon the effectiveness of this Amendment, Lender hereby waives the Existing

Events of Default; provided, however that such waiver shall in no way constitute a waiver of any other Defaults or Events of Default which may have occurred but which are not specifically referenced as the Existing Events of Default, nor shall this waiver obligate Lender to provide any further waiver of any other Default or Event of Default (whether similar or dissimilar, including any further Default or Event of Default resulting from a failure to comply with the terms of the Loan Agreement). Other than in respect of the Existing Events of Default, this waiver shall not preclude the future exercise of any right, power, or privilege available to Lender whether under the Loan Agreement, the Other Documents or otherwise. Lender has not been advised by the Borrowers of the existence of, and is not otherwise aware of, any Defaults or Events of Default other than the Existing Events of Default, and the Borrowers have represented to Lender that no Default or Event of Default, other than the Existing Events of Default, has occurred and is continuing under any of the Loan Documents.

2. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) New Definitions. The following definition shall be added to Section 1.2 of the Loan Agreement in the appropriate alphabetical order:

"Applicable Margin" shall mean, as of the First Amendment Date, (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, two percent (2.00%), (b) with respect to Revolving Advances that are LIBOR Rate Loans, three percent (3.00%), (c) with respect to Term Loans and Equipment Loans that are Domestic Rate Loans, two and three quarters of one percent (2.75%) and (d) with respect to Term Loans and Equipment Loans that are LIBOR Rate Loans, three and three quarters of one percent (3.75%) provided, however, that commencing with the fiscal quarter ending December 31, 2018, (x) if, as of the end of any two consecutive fiscal quarters, Borrowers maintain a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00 on a trailing twelve month basis as of the end of each such quarter and (y) so long as no Event of Default or Default shall have occurred and be continuing, the percentages set forth above shall be adjusted to mean: (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, one percent (1.00%), (b) with respect to Revolving Advances that are LIBOR Rate Loans, two percent (2.00%), (c) with respect to Term Loans and Equipment Loans that are Domestic Rate Loans, one and three quarters of one percent (1.75%), and (d) with respect to Term Loans and Equipment Loans that are LIBOR Rate Loans, two and three quarters of one percent (2.75%). Any such adjustment shall be effective on the first business day of the month following receipt of the quarterly financial statements of Borrowers on a consolidated and consolidating basis and accompanying Compliance Certificate required under Section 9.8 for the most recently completed fiscal quarter.

If, as a result of any restatement of, or other adjustment to, the financial statements of Borrowers on a consolidated and consolidating basis or for any other reason, Agent determines that (a) the Fixed Charge Coverage Ratio as previously calculated as of any applicable date for any applicable period was inaccurate, and (b) a proper calculation of the Fixed Charge Coverage Ratio for any such period would have resulted in different pricing for such period, then (i) if the proper calculation of the Fixed Charge Coverage Ratio would have resulted in a higher interest rate for such period, automatically and immediately without the necessity of any demand or notice by Agent or any other affirmative act of any party, the interest accrued on the applicable outstanding Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively increased by, and Borrowers shall be obligated to immediately pay to Agent for the ratable benefit of Lenders an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the Fixed Charge Coverage Ratio would have resulted in a lower interest rate for such period, then the interest accrued on the applicable outstanding Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to remain unchanged, and Agent and Lenders shall have no obligation to repay interest to the Borrowers; provided, that, if as a result of any restatement or other event or other determination by Agent a proper calculation of the Fixed Charge Coverage Ratio would have resulted in a higher interest rate for one or more periods and a lower interest rate for one or more other periods (due to the shifting of income or expenses from one period to another period or any other reason), then the amount payable by Borrowers pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amounts of interest actually paid for such periods.

"Average Undrawn Availability" shall mean, as of any date of determination, the quotient obtained by dividing (x) the aggregate sum of Undrawn Availability for each of the previous sixty (60) days by (y) sixty (60).

"Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Egg Central Station" shall mean the egg processing center located at 20017 N Alliance Ave, Springfield, MO 65803.

"First Amendment Date" shall mean April 13, 2018.

(b) Definitions. The definitions of "First Borrowing Period", "First Borrowing Period Monthly Installment", "Second Borrowing Period", and "Second Borrowing Period Monthly Installment" contained in Section 1.2 of the Loan Agreement shall be deleted in their entirety and the following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"Availability Reserve Amount" shall mean $2,000,000; provided, however, that such amount will be reduced to $1,000,000 so long as the following conditions are satisfied: (i) no Event of Default has occurred and is continuing, (ii) Borrowers have maintained a Fixed Charge Coverage Ratio, measured on a trailing twelve (12) month basis, of not less than 1.10:1.00 as of the end of the most recently ended fiscal quarter, and (iii) Undrawn Availability and Average Undrawn Availability is greater than $2,000,000 at the time of such reduction; provided further, that, such amount will be reduced to $0 so long as the following conditions are satisfied: (a) no Event of Default has occurred and is continuing, (b) Undrawn Availability and Average Undrawn Availability is greater than $2,000,000 at the time of such reduction, and (c) Borrowers have maintained a Fixed Charge Coverage Ratio, measured on a trailing twelve (12) month basis, of not less than 1.10:1.00 as of the end of two consecutive fiscal quarters.

"Fixed Charge Coverage Ratio" shall mean, with respect to any fiscal period, the ratio of (a) EBITDA, minus Unfunded Capital Expenditures made during such period (excluding Unfunded Capital Expenditures in an amount not to exceed $810,000 made by Borrowers through the fiscal year ending December 31, 2018 in connection with the build-out of Egg Central Station), minus distributions (including tax distributions) and dividends made during such period, minus cash taxes paid during such period, plus payments to Farm Products Sellers made by Borrowers during such period in an amount equal to the lesser of (i) $2,000,000 or (ii) 25% of EBITDA for such period to (b) all Debt Payments during such period.

"Maximum Equipment Loan Amount" shall mean $750,000.

"Maximum Loan Amount" shall mean $15,450,000.

"Revolving Interest Rate" shall mean (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, an interest rate per annum equal to the sum of the Applicable Margin

plus the Alternate Base Rate and (b) with respect to Revolving Advances that are LIBOR Rate Loans, an interest rate per annum equal to the sum of the Applicable Margin plus the LIBOR Rate.

"Term Loan Rate" shall mean (a) with respect to Term Loans and Equipment Loans that are Domestic Rate Loans, an interest rate per annum equal to the sum of the Applicable Margin plus the Alternate Base Rate and (b) with respect to Term Loans and Equipment Loans that are LIBOR Rate Loans, an interest rate per annum equal to the sum of the Applicable Margin plus the LIBOR Rate.

(c) Equipment Loans. Section 2.3(b) of the Loan Agreement shall be amended and restated in its entirety as follows:

(b) Equipment Loans.

(i) Following the date which is the first anniversary of the Closing Date, subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, shall, from time to time, make Advances (each, an "Equipment Loan" and collectively, the "Equipment Loans") to one or more Borrowers in an amount equal to such Lender's Equipment Loan Commitment Percentage of the applicable Equipment Loan to finance Borrowers' purchase of equipment for use in Borrowers' business. All such Equipment Loans shall be in such amounts as are requested by Borrowing Agent, but in no event shall any Equipment Loan exceed eighty percent (80%) of the Net Invoice Cost of the equipment being purchased by Borrowers and the total amount of all Equipment Loans advanced shall not exceed, in the aggregate, the Maximum Equipment Loan Amount. Once repaid, Equipment Loans may not be re-borrowed.

(ii) Equipment Loans shall be made available to Borrowers during the period commencing on the date which is the first anniversary of the Closing Date and ending on the date which is the second anniversary of the Closing Date (the "Borrowing Period") so long as no Default or Event of Default shall have occurred and subject to the conditions set forth in Section 8.3 hereof. At the end of the Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule, the first of which installments shall be due and payable on the first day of the next month after the end of the Borrowing Period, and the remaining installments of which shall be due and payable on the first day of each month thereafter (the amount of each such monthly installment, the "Borrowing Period

Monthly Installment"), provided, however, that the aggregate principal balance of all Equipment Loans, together with all accrued and unpaid interest thereon, and all unpaid fees, costs and expenses payable hereunder in connection therewith, shall be due and payable in full upon the expiration of the Term, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement. Equipment Loans shall be evidenced by one or more secured promissory notes (collectively, the "Equipment Note") in substantially the form attached hereto as Exhibit 2.3(b). The Equipment Loans may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any Equipment Loan (or any portion thereof) as a LIBOR Rate Loan or to convert any Equipment Loan (or any portion thereof) from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) and the provisions of Sections 2.2(b) through (h) shall apply.

(d) Financial Covenants. Section 6.5 of the Loan Agreement shall be amended and restated in its entirety as follows:

6.5. Financial Covenants.

(a) Fixed Charge Coverage Ratio. Maintain as of the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2018, a Fixed Charge Coverage Ratio of not less than (i) 1.10 to 1.00 for the fiscal quarters ending December 31, 2018 and March 24, 2019, (ii) 1.15 to 1.00 for the fiscal quarters ending July 14, 2019 and October 6, 2019, and (iii) 1.20 to 1.00 for the fiscal quarter ending December 29, 2019 and as of the end of each fiscal quarter thereafter, in each case on a trailing twelve (12) month basis.

(b) Leverage Ratio. Maintain as of the end of each fiscal quarter, commencing with the fiscal quarter ending December 29, 2018, a ratio of Funded Debt to EBITDA of not greater than (i) 3.70 to 1.00 for the fiscal quarter ending December 29, 2018 and (ii) 3.00 to 1.00 for the fiscal quarter ending March 24, 2019 and as of the end of each fiscal quarter thereafter, in case each on a trailing twelve (12) month basis.

(c) EBITDA. Cause to be maintained EBITDA of not less than (i) ($757,000) for the year to date period ending March 25, 2018, (ii) ($335,000) for the year to date period ending July 15, 2018, and (iii) $458,000 for the year to date period ending October 7, 2018.

3. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

4. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers;

(b) Agent shall have received a non-refundable amendment fee in the amount of $25,000 which shall be fully earned as of the date hereof; and

(c) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

5. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

6. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

7. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

8. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on April 13, 2018, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of ($365,513.49) due on account of Revolving Advances and $4,364,285.72 due on account of the Term Loan, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

9. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5- 1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

SAGEBRUSH FOODSERVICE, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BARN DOOR FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BACKYARD EGGS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

[SIGNATURE PAGE TO FIRST AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION,
As Agent and Lender

By: /s/ Neil Otte
Name: Neil Otte
Title: Assistant Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.17

SECOND AMENDMENT TO

REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Second Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 25th day of April, 2018 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) New Definitions. The following definitions shall be added to Section 1.2 of the Loan Agreement in the appropriate alphabetical order:

"Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

(b) Definitions. The definitions of "First Borrowing Period", "First Borrowing Period Monthly Installment", "Second Borrowing Period", and "Second Borrowing Period Monthly Installment" contained in Section 1.2 of the Loan Agreement shall be deleted in their entirety and the following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"Maximum Equipment Loan Amount" shall mean $750,000.

"Maximum Loan Amount" shall mean $15,450,000.

(c) Equipment Loans. Section 2.3(b) of the Loan Agreement shall be amended and restated in its entirety as follows:

(b) Equipment Loans.

(i) Following the date which is the first anniversary of the Closing Date, subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, shall, from time to time, make Advances (each, an "Equipment Loan" and collectively, the "Equipment Loans") to one or more Borrowers in an amount equal to such Lender's Equipment Loan Commitment Percentage of the applicable Equipment Loan to finance Borrowers' purchase of equipment for use in Borrowers' business. All such Equipment Loans shall be in such amounts as are requested by Borrowing Agent, but in no event shall any Equipment Loan exceed eighty percent (80%) of the Net Invoice Cost of the equipment being purchased by Borrowers and the total amount of all Equipment Loans advanced shall not exceed, in the aggregate, the Maximum Equipment Loan Amount. Once repaid, Equipment Loans may not be re-borrowed.

(ii) Equipment Loans shall be made available to Borrowers during the period commencing on the date which is the first anniversary of the Closing Date and ending on the date which is the second anniversary of the Closing Date (the "Borrowing Period") so long as no Default or Event of Default shall have occurred and subject to the conditions set forth in Section 8.3 hereof. At the end of the Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule, the first of which installments shall be due and payable on the first day of the next month after the end of the Borrowing Period, and the remaining installments of which shall

be due and payable on the first day of each month thereafter (the amount of each such monthly installment, the "Borrowing Period Monthly Installment"), provided, however, that the aggregate principal balance of all Equipment Loans, together with all accrued and unpaid interest thereon, and all unpaid fees, costs and expenses payable hereunder in connection therewith, shall be due and payable in full upon the expiration of the Term, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement. Equipment Loans shall be evidenced by one or more secured promissory notes (collectively, the "Equipment Note") in substantially the form attached hereto as Exhibit 2.3(b). The Equipment Loans may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any Equipment Loan (or any portion thereof) as a LIBOR Rate Loan or to convert any Equipment Loan (or any portion thereof) from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) and the provisions of Sections 2.2(b) through (h) shall apply.

2. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

3. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers; and

(b) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

4. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

5. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

6. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

7. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on April 25, 2018, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of ($2,106,095.32) due on account of Revolving Advances and $4,364,285.72 due on account of the Term Loan, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

8. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5- 1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

SAGEBRUSH FOODSERVICE, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BARN DOOR FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

[SIGNATURE PAGE TO SECOND AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

BACKYARD EGGS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

[SIGNATURE PAGE TO SECOND AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION,
As Agent and Lender

By: /s/ Neil Otte
Name: Neil Otte
Title: Assistant Vice President

[SIGNATURE PAGE TO SECOND AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.18

THIRD AMENDMENT TO
REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Third Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 7th day of February, 2019 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. An Event of Default has occurred under the Loan Agreement as a result of the failure of Borrowers to contract for, purchase or make any expenditure or commitments for Capital Expenditures in an aggregate amount less than $1,000,000 for the fiscal year ended December 31, 2018 as required under Section 7.6 of the Loan Agreement (the "Existing Event of Default").

C. Borrowers have informed Agent and Lenders that Vital Farms intends to make loans (collectively, the "Shareholder Loans") to Matthew O'Hayer and Jason Jones in an amount not to exceed $3,200,000 and $800,000, respectively.

D. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to (i) waive the Existing Event of Default, (ii) consent to the Shareholder Loans, and (iii) modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Waiver of Existing Event of Default. Subject to the terms and conditions contained herein, upon the effectiveness of this Amendment, Agent and Lenders hereby waive the Existing Event of Default; provided, however that such waiver shall in no way constitute a waiver of any other Defaults or Events of Default which may have occurred but which are not specifically referenced as the Existing Event of Default, nor shall this waiver obligate Agent or Lenders to provide any further waiver of any other Default or Event of Default (whether similar or dissimilar, including any further Default or Event of Default resulting from a failure to comply with the terms of the Loan Agreement). Other than in respect of the Existing Event of Default, this waiver shall not preclude the future exercise of any right, power, or privilege available to Agent or Lenders whether under the Loan Agreement, the Other Documents or otherwise. Agent and Lenders have not been advised by the Borrowers of the existence of, and is not otherwise aware of, any Defaults or Events of Default other than the Existing Event of Default, and the Borrowers have represented to Agent and Lenders that no Default or Event of Default, other than the Existing Event of Default, has occurred and is continuing under any of the Loan Documents.

2. Consent. Notwithstanding anything contained in Sections 7.4, 7.5 or 7.10 of the Loan Agreement, or elsewhere in the Credit Agreement or the Other Documents, Agent and Lenders hereby consent to the Shareholder Loans. The foregoing consent shall be effective only as to the Shareholder Loans. This consent shall not be deemed a consent to the breach by any Borrower of any covenants or agreements contained in the Loan Agreement or any of the Other Documents with respect to any other transaction or matter. Each Borrower agrees that the set forth in this paragraph shall be limited to the precise meaning of the words as written therein and shall not be deemed (i) to be a consent to any waiver or modification of, or a departure from the requirements of, any other term or condition of the Loan Agreement or any of the Other Documents, or (ii) to prejudice any right or remedy that Agent or any Lender may now have or may in the future have under or in connection with the Loan Agreement or any of the Other Documents other than with respect to the matters for which the consent in this paragraph has been provided. This consent shall not be construed as establishing a course of conduct on the part of Agent or any Lender upon which a Borrower may rely at any time in the future. Each Borrower expressly waives any right to assert any claim to such effect at any time

3. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) New Definitions. The following definitions shall be added to Section 1.2 of the Loan Agreement in the appropriate alphabetical order:

"Beneficial Owner" shall mean, for each Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns 25% or more of such Borrower's Equity Interests; and (b) a single individual with significant responsibility to control, manage, or direct such Borrower.

"Certificate of Beneficial Ownership" shall mean, for each Borrower, a certificate in form and substance acceptable to Agent (as amended or modified by Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of such Borrower.

"Second Amendment Date" shall mean February 7, 2019.

(b) Definitions. The following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"Applicable Margin" shall mean, as of the Second Amendment Date, (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, one percent (1.00%), (b) with respect to Revolving Advances that are LIBOR Rate Loans, two percent (2.00%), (c) with respect to Term Loans and Equipment Loans that are Domestic Rate Loans, one and three quarters of one percent (1.75%) and (d) with respect to Term Loans and Equipment Loans that are LIBOR Rate Loans, two and three quarters of one percent (2.75%).

"Maximum Equipment Loan Amount" shall mean $1,500,000.

"Maximum Loan Amount" shall mean $16,200,000.

(c) Certificate of Beneficial Ownership. Article V of the Loan Agreement shall be amended by adding a new Section 5.27 as follows:

5.27 Certificate of Beneficial Ownership. The Certificate of Beneficial Ownership executed and delivered to Agent and Lenders for each Borrower on or prior to the Second Amendment Date, as updated from time to time in accordance with this Agreement, is accurate, complete and correct as of the date hereof and as of the date any such update is delivered. The Borrower acknowledges and agrees that the Certificate of Beneficial Ownership is one of the Other Documents.

(d) Certificate of Beneficial Ownership and Other Additional Information. Article VI of the Loan Agreement shall be amended by adding a new Section 6.16 as follows:

6.16 Certificate of Beneficial Ownership and Other Additional Information. Provide to Agent and the Lenders: (i) confirmation of the accuracy of the information set forth in the most recent Certificate of Beneficial Ownership provided to the Agent and Lenders; (ii) a new Certificate of Beneficial Ownership, in form and substance acceptable to Agent and each Lenders, when the individual(s) to be identified as a Beneficial Owner have changed; and (iii) such other information and documentation as may reasonably be requested by Agent or any Lender from time to time for purposes of compliance by Agent or such Lender with applicable laws (including without limitation the USA Patriot Act

and other “know your customer” and anti-money laundering rules and regulations), and any policy or procedure implemented by Agent or such Lender to comply therewith.

(e) Capital Expenditures. Section 7.6 of the Loan Agreement shall be amended and restated in its entirety as follows:

7.6 Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures in any fiscal year in an aggregate amount for all Borrowers in excess of $3,500,000, provided that such limitation shall not apply to Capital Expenditures financed solely with the proceeds of Equipment Loans

(f) Schedules. Section 9.2 of the Loan Agreement shall be amended and restated in its entirety as follows:

9.2 Schedules. Deliver to Agent (i) on or before the fifteenth (15th) day of each month as and for the prior month (a) accounts receivable ageings inclusive of reconciliations to the general ledger, (b) accounts payable schedules inclusive of reconciliations to the general ledger, and (c) a Borrowing Base Certificate in form and substance satisfactory to Agent (which shall be calculated as of the last day of the prior month and which shall not be binding upon Agent or restrictive of Agent’s rights under this Agreement), (ii) if Undrawn Availability is less than $2,500,000 at any time, on or before Tuesday of each week, a sales report / roll forward for the prior week and (iii) if Undrawn Availability is less than $2,500,000 at any time, on or before Tuesday of every other week, an Inventory report for the prior two weeks. In addition, each Borrower will deliver to Agent at such intervals as Agent may require: (i) confirmatory assignment schedules; (ii) copies of Customer’s invoices; (iii) evidence of shipment or delivery; and (iv) such further schedules, documents and/or information regarding the Collateral as Agent may reasonably request including trial balances and test verifications. Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable and do whatever it may deem reasonably necessary to protect its interests hereunder, provided that, absent the occurrence and continuance of an Event of Default, Agent will not contact any obligor under any Receivable without providing Borrowing Agent at least one (1) Business Days’ advance notice. The items to be provided under this Section are to be in form satisfactory to Agent and executed by each Borrower and delivered to Agent from time to time solely for Agent’s convenience in maintaining records of the Collateral, and any Borrower’s failure to deliver any of such items to Agent shall not

affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral. Unless otherwise agreed to by Agent, the items to be provided under this Section 9.2 shall be delivered to Agent by the specific method of Approved Electronic Communication designated by Agent.

4. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

5. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers; and

(b) Agent shall have received fully executed copies of the notes evidencing the Shareholder Loans and collateral assignments thereof;

(c) Agent and each Lender shall have received, in form and substance acceptable to Agent and each Lender an executed Certificate of Beneficial Ownership and such other documentation and other information requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act;

(d) Agent shall have received a non-refundable amendment fee in the amount of $37,000 which shall be fully earned as of the date hereof; and

(e) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

6. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

7. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

8. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

9. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on February 5, 2019, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of $0 due on account of Revolving Advances and $3,804,761.92 due on account of the Term Loan, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

10. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5- 1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

VITAL FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

SAGEBRUSH FOODSERVICE, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

BARN DOOR FARMS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

[SIGNATURE PAGE TO THIRD AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

BACKYARD EGGS, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Financial Officer

[SIGNATURE PAGE TO THIRD AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION,
As Agent and Lender

By: /s/ Lauren Wagner
Name: Lauren Wagner
Title: Vice President

[SIGNATURE PAGE TO THIRD AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.19

FOURTH AMENDMENT TO

REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Fourth Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 24th day of February, 2020 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) New Definitions. The following definitions shall be added to Section 1.2 of the Loan Agreement in the appropriate alphabetical order:

"First Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"First Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Second Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Second Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Third Borrowing Period" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

"Third Borrowing Period Monthly Installment" shall have the meaning set forth in Section 2.3(b)(ii) hereof.

(b) Deleted Definitions. The definitions of "Borrowing Period" and "Borrowing Period Monthly Installment" contained in Section 1.2 of the Loan Agreement shall be deleted in their entirety.

(c) Existing Definitions. The following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"EBITDA" shall mean for any period with respect to Borrowers on a Consolidated Basis, the sum of (a) net income (or loss) for such period (excluding extraordinary gains and losses), plus (b) all interest expense for such period, plus (c) all charges against income for such period for federal, state and local taxes, plus (d) depreciation expenses for such period, plus (e) amortization expenses for such period, plus (f) all charges against income for such period for non-cash compensation, plus (g) all non-cash charges against income for such period in connection with the sale of assets otherwise permitted under this Agreement (other than a write-down of inventory), plus (h) transaction expenses in such period related to the Borrowers' efforts to pursue an initial public offering in an amount not to exceed $3,000,000 in the aggregate; provided, that, each add-back to EBITDA included in subclauses (b) through (h) shall only be added back to the extent deducted in the calculation of net income.

"Maximum Equipment Loan Amount" shall mean $3,000,000.

"Maximum Loan Amount" shall mean $17,700,000.

(d) Equipment Loans. Section 2.3(b) of the Loan Agreement shall be amended and restated in its entirety as follows:

(b) Equipment Loans.

(i) Following the date which is the first anniversary of the Closing Date, subject to the terms and conditions of this Agreement, each Lender, severally and not jointly, shall, from time to time, make Advances (each, an "Equipment Loan" and collectively, the "Equipment Loans") to one or more Borrowers in an amount equal to such Lender's Equipment Loan Commitment Percentage of the applicable Equipment Loan to finance Borrowers' purchase of equipment for use in Borrowers' business. All such Equipment Loans shall be in such amounts as are requested by Borrowing Agent, but in no event shall any Equipment Loan exceed eighty percent (80%) of the Net Invoice Cost of the equipment being purchased by Borrowers and the total amount of all Equipment Loans advanced shall not exceed, in the aggregate, the Maximum Equipment Loan Amount. Once repaid, Equipment Loans may not be re-borrowed.

(ii) Equipment Loans shall be made available to Borrowers during the period commencing on (x) the date which is the first anniversary of the Closing Date and ending on the date which is the second anniversary of the Closing Date (the "First Borrowing Period"), (y) the first day after the end of the First Borrowing Period and ending on the date which is the third anniversary of the Closing Date (the "Second Borrowing Period") and (z) the first day after the end of the Second Borrowing Period and ending on the date which is the fourth anniversary of the Closing Date (the "Third Borrowing Period"), so long as no Default or Event of Default shall have occurred and subject to the conditions set forth in Section 8.3 hereof. At the end of the First Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule, the first of which installments shall be due and payable on the first day of the next month after the end of the First Borrowing Period, and the remaining installments of which shall be due and payable on the first day of each month thereafter (the amount of each such monthly installment, the "First Borrowing Period Monthly Installment"). At the end of the Second Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans made during the Second Borrowing Period, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule (the amount of each such monthly installment, the "Second Borrowing Period Monthly Installment"). Commencing automatically on the first day of the next month after the end of the Second Borrowing Period, and continuing on the first day of each month thereafter, Borrowers shall pay an

increased amount of principal each month in respect of all Equipment Loans, until paid in full, which monthly amount shall equal the sum of the First Borrowing Period Monthly Installment plus the Second Borrowing Period Monthly Installment. At the end of the Third Borrowing Period, Agent shall calculate the aggregate principal balance of all then outstanding Equipment Loans made during the Third Borrowing Period, which amount shall amortize in equal and consecutive monthly installments of principal, based on a 36-month amortization schedule (the amount of each such monthly installment, the "Third Borrowing Period Monthly Installment"). Commencing automatically on the first day of the next month after the end of the Third Borrowing Period, and continuing on the first day of each month thereafter, Borrowers shall pay an increased amount of principal each month in respect of all Equipment Loans, until paid in full, which monthly amount shall equal the sum of the First Borrowing Period Monthly Installment plus the Second Borrowing Period Monthly Installment plus the Third Borrowing Period Monthly Installment, provided, however, that the aggregate principal balance of all Equipment Loans, together with all accrued and unpaid interest thereon, and all unpaid fees, costs and expenses payable hereunder in connection therewith, shall be due and payable in full upon the expiration of the Term, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement. Equipment Loans shall be evidenced by one or more secured promissory notes (collectively, the "Equipment Note") in substantially the form attached hereto as Exhibit 2.3(b). The Equipment Loans may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any Equipment Loan (or any portion thereof) as a LIBOR Rate Loan or to convert any Equipment Loan (or any portion thereof) from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) and the provisions of Sections 2.2(b) through (h) shall apply.

2. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

3. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers;

(b) Agent shall received an Amended and Restated Equipment Note fully executed by the Borrowers in favor of PNC;

(c) Agent shall received a waiver and access agreement fully executed by Minerva Dairy, Inc. and Vital Farms; and

(d) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

4. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

5. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

6. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

7. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on February 21, 2020, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of $5,888,275.50 due on account of Revolving Advances, $3,133,333.36 due on account of the Term Loan and $521,416.52 due on account of the Equipment Loans, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

8. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC
By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BACKYARD EGGS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO FOURTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION, as Agent and Lender

By: /s/ Lauren Wagner
Name: Lauren Wagner
Title: Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.20

FIFTH AMENDMENT TO

REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Fifth Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 11th day of May, 2020 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. An Event of Default has occurred under the Loan Agreement as a result of the Borrowers making expenditures or commitments for Capital Expenditures in an aggegrate amount in excess of $3,500,000 for the fiscal year ended December 31, 2019 in violation of Section 7.6 of the Loan Agreement (the "Existing Event of Default").

C. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to (i) waive the Existing Event of Default and (ii) modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Waiver of Existing Event of Default. Subject to the terms and conditions contained herein, upon the effectiveness of this Amendment, Agent and Lenders hereby waive the Existing Event of Default; provided, however that such waiver shall in no way constitute a waiver of any other Defaults or Events of Default which may have occurred but which are not

specifically referenced as the Existing Event of Default, nor shall this waiver obligate Agent or any Lender to provide any further waiver of any other Default or Event of Default (whether similar or dissimilar, including any further Default or Event of Default resulting from a failure to comply with the terms of the Loan Agreement). Other than in respect of the Existing Event of Default, this waiver shall not preclude the future exercise of any right, power, or privilege available to Agent and Lenders whether under the Loan Agreement, the Other Documents or otherwise. Agent and Lenders have not been advised by the Borrowers of the existence of, and are not otherwise aware of, any Defaults or Events of Default other than the Existing Event of Default, and the Borrowers have represented to Agent and Lenders that no Default or Event of Default, other than the Existing Event of Default, has occurred and is continuing under any of the Loan Documents.

2. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) Existing Definitions. The following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"EBITDA" shall mean for any period with respect to Borrowers on a Consolidated Basis, the sum of (a) net income (or loss) for such period (excluding extraordinary gains and losses), plus (b) all interest expense for such period, plus (c) all charges against income for such period for federal, state and local taxes, plus (d) depreciation expenses for such period, plus (e) amortization expenses for such period, plus (f) all charges against income for such period for non-cash compensation, plus (g) all non-cash charges against income for such period in connection with the sale of assets otherwise permitted under this Agreement (other than a write-down of inventory), plus (h) reasonably documented transaction expenses in such period related to the Borrowers' efforts to pursue an initial public offering to the extent incurred prior to December 31, 2020 and in amounts not to exceed (i) $3,000,000 in the aggregate for the trailing twelve-month period ending March 31, 2020, (ii) $4,000,000 in the aggregate for the trailing twelve-month period ending June 30, 2020, (iii) $6,000,000 in the aggregate for the trailing twelve-month period ending September 30, 2020, and (iv) $4,250,000 in the aggregate for the trailing twelve-month period ending December 31, 2020; provided, that, each add-back to EBITDA included in subclauses (b) through (h) shall only be added back to the extent deducted in the calculation of net income.

"Egg Central Station" shall mean the egg processing center to be located in Springfield, Missouri.

"Fixed Charge Coverage Ratio" shall mean, with respect to any fiscal period, the ratio of (a) EBITDA, minus Unfunded Capital

Expenditures made during such period (excluding Unfunded Capital Expenditures in an amount not to exceed $2,000,000 made by Borrowers through the fiscal year ending December 31, 2019 in connection with the build-out of Egg Central Station), minus distributions (including tax distributions) and dividends made during such period, minus cash taxes paid during such period to (b) all Debt Payments during such period.

"LIBOR Rate" shall mean for any LIBOR Rate Loan for the then current Interest Period relating thereto, the interest rate per annum determined by Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (a) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source reasonably selected by Agent as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (a "LIBOR Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such LIBOR Rate Loan and having a borrowing date and a maturity comparable to such Interest Period (or (x) if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate reasonably determined by Agent at such time (which determination shall be conclusive absent manifest error), (y) if the LIBOR Rate is unascertainable as set forth in Section 3.8.2, a comparable replacement rate determined in accordance with Section 3.8.2), by (b) a number equal to 1.00 minus the Reserve Percentage; provided, however, that if the LIBOR Rate determined as provided above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

The LIBOR Rate shall be adjusted with respect to any LIBOR Rate Loan that is outstanding on the effective date of any change in the Reserve Percentage as of such effective date. Agent shall give reasonably prompt notice to the Borrowing Agent of the LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"Maximum Loan Amount" shall mean $22,700,000.

"Maximum Revolving Advance Amount" shall mean $15,000,000.

(b) Sublimits for Revolving Advances. Section 2.1(b) of the Loan Agreement shall be amended and restated in its entirety as follows:

(b) Sublimits for Revolving Advances. Revolving Advances made to Borrowers against Eligible Inventory shall not exceed in the aggregate, at any time outstanding, the lesser of (i) 50% of the Formula Amount and (ii) $5,000,000.

(c) Alternate Rate of Interest. Section 3.8 of the Loan Agreement shall be amended and restated in its entirety as follows:

3.8 Alternate Rate of Interest.

3.8.1. Basis For Determining Interest Rate Inadequate or Unfair. In the event that Agent or any Lender shall have determined that:

(a) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.2 hereof for any Interest Period; or

(b) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Domestic Rate Loan into a LIBOR Rate Loan; or

(c) the making, maintenance or funding of any LIBOR Rate Loan has been made impracticable or unlawful by compliance by Agent or such Lender in good faith with any Applicable Law or any interpretation or application thereof by any Governmental Body or with any request or directive of any such Governmental Body (whether or not having the force of law), or

(d) the LIBOR Rate will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any LIBOR Rate Loan,

then Agent shall give Borrowing Agent prompt written or telephonic notice of such determination. If such notice is given prior to a Benchmark REplacment Date (as defined below), (i) any such requested LIBOR Rate Loan shall be made as a Domestic Rate Loan, unless Borrowing Agent shall notify Agent no later than 1:00 p.m. two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Domestic Rate Loan or LIBOR Rate Loan which was to have

been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 1:00 p.m. two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into an unaffected type of LIBOR Rate Loan, on the last Business Day of the then current Interest Period for such affected LIBOR Rate Loans (or sooner, if any Lender cannot continue to lawfully maintain such affected LIBOR Rate Loan). Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and no Borrower shall have the right to convert a Domestic Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

3.8.2. Successor LIBOR Rate Index.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in the Other Documents, if the Agent determines that a Benchmark Transition Event or an Early Opt-in Event has occurred, the Agent may amend this Agreement to replace the LIBOR Rate with a Benchmark Replacement in accordance with this Section 3.8.2; and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of any other party to this Agreement, including the Borrowers. Until the Benchmark Replacement is effective, each advance, conversion and renewal of a LIBOR Rate Loan will continue to bear interest with reference to the LIBOR Rate; provided, however, during a Benchmark Unavailability Period (i) any pending selection of, conversion to or renewal of a LIBOR Rate Loan that has not yet gone into effect shall be deemed to be a selection of, conversion to or renewal of a Domestic Rate Loan, (ii) all outstanding LIBOR Rate Loans shall automatically be converted to Domestic Rate Loans at the expiration of the existing Interest Period (or sooner, if Agent cannot continue to lawfully maintain such affected Eurodollar Rate Loan) and (iii) the component of the Alternate Base Rate based upon the LIBOR Rate will not be used in any determination of the Alternate Base Rate.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in the Other Documents, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(c) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Borrowing Agent of (i) the effectiveness of any Benchmark Replacement Conforming Changes and (ii) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent pursuant to this Section 3.8.2 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 3.8.2.

(d) Certain Defined Terms. As used in this Section 3.8.2:

"***Benchmark Replacement***" means the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Borrowers giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBOR Rate for U.S. dollar-denominated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

"***Benchmark Replacement Adjustment***" means, with respect to any replacement of the LIBOR Rate with an alternate benchmark rate for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrowers (a) giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Rate with the

applicable Benchmark Replacement (excluding such spread adjustment) by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of the LIBOR Rate for U.S. dollar denominated credit facilities at such time and (b) which may also reflect adjustments to account for (i) the effects of the transition from the LIBOR Rate to the Benchmark Replacement and (ii) yield- or risk-based differences between the LIBOR Rate and the Benchmark Replacement.

"***Benchmark Replacement Conforming Changes***" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement).

"***Benchmark Replacement Date***" means the earlier to occur of the following events with respect to the LIBOR Rate:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the LIBOR Rate permanently or indefinitely ceases to provide the LIBOR Rate; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

"***Benchmark Transition Event***" means the occurrence of one or more of the following events with respect to the LIBOR Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the LIBOR Rate announcing that such administrator has ceased or will cease to provide the LIBOR Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate;

(2) a public statement or publication of information by a Governmental Body having jurisdiction over the Agent, the regulatory supervisor for the administrator of the LIBOR Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBOR Rate, a resolution authority with jurisdiction over the administrator for the LIBOR Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Rate, which states that the administrator of the LIBOR Rate has ceased or will cease to provide the LIBOR Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Rate or a Governmental Body having jurisdiction over the Agent announcing that the LIBOR Rate is no longer representative.

"***Benchmark Unavailability Period***" means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate and solely to the extent that the LIBOR Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder in accordance with Section 3.8.2 and (y) ending at the time that a Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder pursuant to Section 3.8.2.

"***Early Opt-in Event***" means a determination by the Agent that U.S. dollar denominated credit facilities being executed at such time, or that include language similar to that contained in this Section 3.8.2, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBOR Rate.

"***Relevant Governmental Body***" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

(d) Capital Expenditures. Section 7.6 of the Loan Agreement shall be amended and restated in its entirety as follows:

7.6 Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures (a) in an aggregate amount for all Borrowers in excess of $7,000,000 in the fiscal year ending December 31, 2020 and (b) in an aggregate amount for all Borrowers in excess of $3,500,000 in any fiscal year thereafter, provided that such limitations shall not apply to Capital Expenditures financed solely with the proceeds of Equipment Loans.

(e) Schedules. Section 9.2 of the Loan Agreement shall be amended and restated in its entirety as follows:

9.2 Schedules. Deliver to Agent (i) on or before the fifteenth (15th) day of each month as and for the prior month (a) accounts receivable ageings inclusive of reconciliations to the general ledger, (b) accounts payable schedules inclusive of reconciliations to the general ledger, and (c) a Borrowing Base Certificate in form and substance satisfactory to Agent (which shall be calculated as of the last day of the prior month and which shall not be binding upon Agent or restrictive of Agent's rights under this Agreement), (ii) if Undrawn Availability is less than $5,000,000 at any time, on or before Tuesday of each week, a sales report / roll forward for the prior week and (iii) if Undrawn Availability is less than $5,000,000 at any time, on or before Tuesday of every other week, an Inventory report for the prior two weeks. In addition, each Borrower will deliver to Agent at such intervals as Agent may require: (i) confirmatory assignment schedules; (ii) copies of Customer's invoices; (iii) evidence of shipment or delivery; and (iv) such further schedules, documents and/or information regarding the Collateral as Agent may reasonably request including trial balances and test verifications. Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable and do whatever it may deem reasonably necessary to protect its interests hereunder, provided that, absent the occurrence and continuance of an Event of Default, Agent will not contact any obligor under any Receivable without providing Borrowing Agent at least one (1) Business Days' advance notice. The items to be provided under this Section are to be in form satisfactory to Agent and executed by each Borrower and delivered to Agent from time to time solely for Agent's convenience in maintaining records of the Collateral, and any

Borrower's failure to deliver any of such items to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral. Unless otherwise agreed to by Agent, the items to be provided under this Section 9.2 shall be delivered to Agent by the specific method of Approved Electronic Communication designated by Agent

3. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

4. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers;

(b) Agent shall received an Amended and Restated Revolving Credit Note fully executed by the Borrowers in favor of PNC;

(c) Agent shall have received a non-refundable amendment fee in the amount of $25,000, which shall be fully earned as of the date hereof; and

(d) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

5. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

6. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

7. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

8. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on May 7, 2020, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of $1,010,347.17 due on account of Revolving Advances, $2,965,476.22 due on account of the Term Loan and $1,933,065.71 due on account of the Equipment Loans, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

9. Release. In consideration of Agent's and Lenders' agreements contained in this Amendment, Borrowers hereby irrevocably releases and forever discharges Agent, Lenders and their respective affiliates, subsidiaries, successors, assigns, partners, members, shareholders, directors, officers, employees, agents, consultants, attorneys and other professional advisors (each, a "Released Person") of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which Borrowers ever had or now have against any Released Person which relates, directly or indirectly, to any acts or omissions of any Released Person relating to the Loan Agreement or any Other Document on or prior to the date hereof.

10. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5- 1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC
By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BACKYARD EGGS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO FIFTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION, as Agent and Lender

By: /s/ Lauren Wagner
Name: Lauren Wagner
Title: Vice President

[SIGNATURE PAGE TO FIFTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.21

AMENDED AND RESTATED REVOLVING CREDIT NOTE

$15,000,000 May 11, 2020

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of FIFTEEN MILLION DOLLARS ($15,000,000) or such lesser sum which then represents PNC's Revolving Commitment Percentage of the aggregate unpaid principal amount of all Revolving Advances made or extended to Borrowers by PNC pursuant to the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal hereunder remaining unpaid from time to time, at the rate or rates from time to time in effect under the Loan Agreement.

THIS AMENDED AND RESTATED REVOLVING CREDIT NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of October 4, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among the Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Amended and Restated Revolving Credit Note is the Revolving Credit Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

This Amended and Restated Revolving Credit Note amends, restates and replaces in its entirety that certain Revolving Credit Note, dated October 4, 2017 (the "Existing Note"), executed by Borrowers and payable to the order of PNC, but no novation of the indebtedness evidenced by

the Existing Note is intended nor shall be deemed to have occurred by virtue of this amendment and restatement of the Existing Note, the indebtedness evidenced hereby continues to be outstanding and owing by the Borrowers to PNC, and by its signatures below, the Borrowers confirm and reaffirm their liability for the payment when due of such indebtedness.

THIS AMENDED AND RESTATED REVOLVING CREDIT NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Amended and Restated Revolving Credit Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED REVOLVING CREDIT NOTE]

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED REVOLVING CREDIT NOTE]

SIXTH AMENDMENT TO
REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Sixth Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 18th day of June, 2020 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. The Borrowers have requested and the Agent and the Lenders have agreed, subject to the terms and conditions of this Amendment, to (i) increase the Term Loan and (ii) modify certain definitions, terms and conditions in the Loan Agreement.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Term Loan Increase. Upon the effectiveness of this Amendment, each Lender, severally and not jointly, shall reset the Term Loan by making available to Borrowers an additional Advance thereunder in an amount equal to such Lender's Term Loan Commitment Percentage of the principal amount of $5,000,000.00 ("Term Loan Increase"). The outstanding principal balance of the Term Loan (including the Term Loan Increase) as of the date hereof is $7,909,523.84. Lenders shall fund the Term Loan Increase to Borrowers upon the effectiveness of this Amendment. Notwithstanding anything to the contrary contained in Section 2.3(a) of the Loan Agreement, which shall be amended hereby as and to the extent inconsistent with this paragraph, the reset balance of the Term Loan shall be, with respect to principal, payable as

follows, subject to acceleration upon the occurrence of an Event of Default under this Agreement or termination of this Agreement: eighty-three (83) consecutive installments each in the amount of $94,161.00 commencing July 1, 2020 and continuing on the first day of each month thereafter followed by an 84th payment of all unpaid principal, accrued and unpaid interest and all unpaid fees and epxenses. The Term Loan shall be evidenced by one or more secured promissory notes (collectively, the "Term Note") in substantially the form attached to the Loan Agreement as Exhibit 2.3(a). The Term Loan may consist of Domestic Rate Loans or LIBOR Rate Loans, or a combination thereof, as Borrowing Agent may request; and in the event that Borrowers desire to obtain or extend any portion of the Term Loan as a LIBOR Rate Loan or to convert any portion of the Term Loan from a Domestic Rate Loan to a LIBOR Rate Loan, Borrowing Agent shall comply with the notification requirements set forth in Sections 2.2(b) and/or (e) of the Loan Agreement and the provisions of Sections 2.2(b) through (h) of the Loan Agreement shall apply.

2. Amendments to Loan Agreement. Upon the effectiveness of this Amendment, the Loan Agreement shall be amended as follows:

(a) New Definition. The following definition shall be added to Section 1.2 of the Loan Agreement in the appropriate alphabetical order:

"Sixth Amendment" shall mean that certain Sixth Amendment to Revolving Credit, Term Loan Security Agreement, dated as of the Sixth Amendment Date, by and among Borrowers, Lenders and Agent.

"Sixth Amendment Date" shall mean June 18, 2020.

(b) Existing Definitions. The following definitions contained in Section 1.2 of the Loan Agreement shall be amended and restated in their entirety as follows:

"Applicable Margin" shall mean, as of the Sixth Amendment Date, (a) with respect to Revolving Advances that are Domestic Rate Loans and Swing Loans, one and one quarter of one percent (1.25%), (b) with respect to Revolving Advances that are LIBOR Rate Loans, two and one quarter of one percent (2.25%), (c) with respect to Equipment Loans that are Domestic Rate Loans, two percent (2.00%), (d) with respect to Equipment Loans that are LIBOR Rate Loans, three percent (3.00%), (e) with respect to Term Loans that are Domestic Rate Loans, two and one quarter of one percent (2.25%) and (f) with respect to Term Loans that are LIBOR Rate Loans, three and one quarters of one percent (3.25%).

"Maximum Loan Amount" shall mean $25,909,523.84.

(c) Notices. The notice addresses set forth at the end of Section 16.6 of the Loan Agreement shall be amended and restated in its entirety as follows:

(A) If to Agent or PNC at:

PNC Bank, National Association
1600 Market Street
Philadelphia, PA 19103
Attention: Lauren Wagner
Telephone: 215-585-6824
Facsimile: 215-585-4771

with a copy to:

Blank Rome LLP
130 North 18th Street
Philadelphia, PA 19103
Attention: Michael C. Graziano, Esquire
Telephone: (215) 569-5387
Facsimile: (215) 832-5387

(B) If to a Lender other than Agent, as specified on the signature pages hereof

(C) If to Borrowing Agent or any Borrower:

Vital Farms, Inc.
3601 S. Congress Avenue, Suite C-100
Austin, Texas 78704
Attention: Jason Dale
Telephone: (512) 656-8380

with a copy to:

Integral Business Counsel, PLLC
3826 Delashmutt Drive
Haymarket, VA 20169
Attention: Michael W. Kardash
Telephone: 703-244-2514
Facsimile: 866-612-3037

3. Representations and Warranties. Each Borrower hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

4. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers;

(b) Agent shall have received an Amended and Restated Term Loan Note fully executed by the Borrowers in favor of PNC;

(c) Agent shall have received an amendment to the Mortgage executed by Vital Farms Missouri;

(d) Agent shall have received a date-down endorsement from the title company that issued the mortgagee title insurance policy in favor of Agent with respect to the existing Mortgage to the title insurance policy insuring the lien of the Mortgage, as modified by the amendment to the Mortgage, as a valid and subsisting first priority Lien encumbering the real property Collateral, showing no new adverse matters (as determined by Agent in its reasonable discretion), bringing the date of such title insurance policy forward to the date of recording of the amendment to the Mortgage and otherwise in form and substance reasonably acceptable to Agent;

(e) Agent shall have received a certificate of the Secretary or Assistant Secretary (or other equivalent officer, partner or manager) of each Borrower in form and substance satisfactory to Agent dated as of the Sixth Amendment Date which shall certify (i) copies of resolutions in form and substance reasonably satisfactory to Agent, of the board of directors (or other equivalent governing body, member or partner) of such Borrower authorizing

the execution, delivery and performance of this Amendment and related agreements (and such certificate shall state that such resolutions have not been amended, modified, revoked or rescinded as of the date of such certificate), (ii) the incumbency and signature of the officers of such Borrower authorized to execute this Amendment and the Other Documents, (iii) copies of the Organizational Documents of such Borrower as in effect on such date, complete with all amendments thereto, and (iv) the good standing (or equivalent status) of such Borrower in its jurisdiction of organization and each applicable jurisdiction where the conduct of such Borrower's business activities or the ownership of its properties necessitates qualification, as evidenced by good standing certificate(s) (or the equivalent thereof issued by any applicable jurisdiction) dated not more than 30 days prior to the Sixth Amendment Date, issued by the Secretary of State or other appropriate official of each such jurisdiction;

(f) Agent shall have received in form and substance satisfactory to Agent, (i) evidence that adequate insurance, including without limitation, casualty and liability insurance, required to be maintained under the Loan Agreement is in full force and effect, (ii) insurance certificates issued by Borrowers' insurance broker containing such information regarding Borrowers' casualty and liability insurance policies as Agent shall request and naming Agent as an additional insured, lenders loss payee and/or mortgagee, as applicable, and (iii) loss payable endorsements issued by Borrowers' insurer naming Agent as lenders loss payee and mortgagee, as applicable;

(g) Agent shall have received written instructions from Borrowing Agent directing the application of proceeds of the Term Loan Increase made pursuant to this Amendment;

(h) Agent shall have received a non-refundable amendment fee in the amount of $25,000, which shall be fully earned as of the date hereof; and

(i) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

5. Post-Closing Covenant. Borrowers shall deliver to Agent each lien waiver outstanding as of the Sixth Amendment Date with respect to the build out of Egg Central Station on or before the date that is ninety (90) days after the Sixth Amendment Date.

6. Further Assurances. Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

7. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

8. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

9. Confirmation of Indebtedness. Borrowers confirm and acknowledge that as of the close of business on June 10, 2020, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of $0 due on account of Revolving Advances, $2,909,523.84 due on account of the Term Loan and $1,916,771.14 due on account of the Equipment Loans, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

10. Release. In consideration of Agent's and Lenders' agreements contained in this Amendment, Borrowers hereby irrevocably release and forever discharge Agent, Lenders and their respective affiliates, subsidiaries, successors, assigns, partners, members, shareholders, directors, officers, employees, agents, consultants, attorneys and other professional advisors (each, a "Released Person") of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which Borrowers ever had or now have against any Released Person which relates, directly or indirectly, to any acts or omissions of any Released Person relating to the Loan Agreement or any Other Document on or prior to the date hereof.

11. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5- 1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC
By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BACKYARD EGGS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO SIXTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION, as
Agent and Lender

By: /s/ Lauren Wagner
Name: Lauren Wagner
Title: Vice President

[SIGNATURE PAGE TO SIXTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 10.23

AMENDED AND RESTATED TERM LOAN NOTE

$7,909,523.84 June 18, 2020

FOR VALUE RECEIVED, **VITAL FARMS, INC.**, a corporation formed under the laws of the State of Delaware ("Vital Farms"), **VITAL FARMS OF MISSOURI, LLC**, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), **VITAL FARMS, LLC**, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), **SAGEBRUSH FOODSERVICE, LLC**, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), **BARN DOOR FARMS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), and **BACKYARD EGGS, LLC**, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** ("PNC"), at the office of Agent (as defined below) at the address set forth in the Loan Agreement (as defined below) or at such other place as Agent may from time to time designate to Borrowing Agent in writing: (i) at the end of the Term or (ii) earlier as provided in the Loan Agreement, the principal sum of SEVEN MILLION NINE HUNDRED NINE THOUSAND FIVE HUNDRED TWENTY THREE DOLLARS AND EIGHTY FOUR CENTS ($7,909,523.84) or such lesser sum which then represents PNC's Term Loan Commitment Percentage of the aggregate unpaid principal amount of the Term Loan, in installments of principal as set forth in the Loan Agreement, each of which installments of principal shall be due and payable in accordance with the terms of the Loan Agreement, in lawful money of the United States of America in immediately available funds, together with interest on the principal amount hereunder remaining unpaid from time to time until this Term Loan Note is fully paid, at the rate or rates from time to time in effect under the Loan Agreement.

THIS AMENDED AND RESTATED TERM LOAN NOTE is executed and delivered under and pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement, dated as of October 4, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Borrowers, the various financial institutions named therein or which hereafter become a party thereto as lenders (the "Lenders") and PNC, in its capacity as agent for Lenders (in such capacity, the "Agent") and in its capacity as a Lender. Capitalized terms used herein and not otherwise defined herein shall have the meanings provided in the Loan Agreement.

Borrowers hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever as further set forth in the Loan Agreement.

This Amended and Restated Term Loan Note is the Term Note referred to in the Loan Agreement, which among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayments of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain terms and conditions therein specified.

This Amended and Restated Term Loan Note amends, restates and replaces in its entirety that certain Term Loan Note, dated October 4, 2017 (the "Existing Note"), executed by Borrowers and payable to the order of PNC, but no novation of the indebtedness evidenced by the Existing Note is intended nor shall be deemed to have occurred by virtue of this amendment and restatement of the Existing Note, the indebtedness evidenced hereby continues to be outstanding and owing by the Borrowers to PNC, and by its signatures below, the Borrowers confirm and reaffirm their liability for the payment when due of such indebtedness.

THIS AMENDED AND RESTATED TERM LOAN NOTE, AND ALL MATTERS RELATING HERETO OR ARISING HEREFROM (WHETHER ARISING UNDER CONTRACT LAW, TORT LAW OR OTHERWISE) SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Amended and Restated Revolving Credit Note the day and year first written above intending to be legally bound hereby.

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC

By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED REVOLVING CREDIT NOTE]

BACKYARD EGGS, LLC

By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED TERM LOAN NOTE]

Exhibit 10.24

SEVENTH AMENDMENT TO
REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT

This Seventh Amendment to Revolving Credit, Term Loan, and Security Agreement (the "Amendment") is made this 8th day of July, 2020 by and among VITAL FARMS, INC., a corporation organized under the laws of the State of Delaware ("Vital Farms"), VITAL FARMS OF MISSOURI, LLC, a limited liability company organized under the laws of the State of Missouri ("Vital Farms Missouri"), VITAL FARMS, LLC, a limited liability company organized under the laws of the State of Montana ("Vital Farms Montana"), SAGEBRUSH FOODSERVICE, LLC, a limited liability company organized under the laws of the State of Delaware ("Sagebrush"), BARN DOOR FARMS, LLC, a limited liability company organized under the laws of the State of Delaware ("Barn Door"), BACKYARD EGGS, LLC, a limited liability company organized under the laws of the State of Delaware ("Backyard", and together with Vital Farms, Vital Farms Missouri, Vital Farms Montana, Sagebrush, Barn Door and each Person joined as a borrower from time to time, collectively, the "Borrowers", and each a "Borrower"), the financial institutions which are now or which hereafter become a party (collectively, the "Lenders" and each individually, a "Lender") and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent").

BACKGROUND

A. On October 4, 2017, Borrowers, Lenders, and Agent entered into a certain Revolving Credit, Term Loan, and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the "Loan Agreement") to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith are collectively referred to as the "Existing Financing Agreements." All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. Borrowers have informed Agent and Lenders that Vital Farms intends to file a public registration statement with the SEC in accordance with the Securities Act to initiate consummation of an initial public offering with respect to Vital Farms (such transaction, the "IPO").

C. Borrowers have requested and Agent and Lenders have agreed, subject to the terms and conditions of this Amendment, to modify certain definitions, terms and conditions in the Loan Agreement related to the IPO.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. **Amendments to Loan Agreement.** Upon the consummation of the IPO, the Loan Agreement shall be amended as follows:

(a) Existing Definition. The following definition contained in Section 1.2 of the Loan Agreement shall be amended and restated in its entirety as follows:

"Change of Control" shall mean: (a) the occurrence of any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act), but excluding any employee benefit plan of such Person and its Subsidiaries and any Person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, shall have, directly or indirectly, acquiring beneficial ownership of Equity Interests representing more than thirty-five (35%) percent or more of the aggregate voting power represented by the issued and outstanding Equity Interests of Vital Farms entitled to vote generally in the election of directors of Vital Farms, (b) the occurrence of any event (whether in one or more transactions) which results in Vital Farms failing to own one hundred (100%) percent of the Equity Interests (on a fully diluted basis) of any other Borrower, or (c) the occurrence of any merger, consolidation or sale of substantially all of the property or assets of any Borrower.

(b) Mandatory Prepayment. Section 2.20(b) of the Loan Agreement shall be amended and restated in its entirety as follows:

(b) In the event of any issuance or other incurrence of Indebtedness (other than Permitted Indebtedness) by Borrowers or the issuance of any Equity Interests (other than the Equity Interests issued by Vital Farms in connection with the consummation of its initial public offering) by any Borrower, Borrowers shall, no later than three (3) Business Days after the receipt by Borrowers of (i) the cash proceeds from any such issuance or incurrence of Indebtedness or (ii) the net cash proceeds of any such issuance of Equity Interests, as applicable, repay the Advances in an amount equal to (x) one hundred percent (100%) of such cash proceeds in the case of such incurrence or issuance of Indebtedness and (y) one hundred percent (100%) of such net cash proceeds in the case of such issuance of Equity Interests. Such repayments will be applied in the same manner as set forth in Section 2.20(a) hereof.

(c) Federal Securities Laws. Section 5.21 of the Loan Agreement shall be amended and restated in its entirety as follows:

5.21 Reserved.

(d) Federal Securities Laws. Section 6.10 of the Loan Agreement shall be amended and restated in its entirety as follows:

6.10 Reserved.

(e) Fiscal Year and Accounting Changes. Section 7.13 of the Loan Agreement shall be amended and restated in its entirety as follows:

7.13 Fiscal Year and Accounting Changes. Change its fiscal year from a 52-53-week fiscal year ending on the last Sunday of each December or make any significant change (i) in accounting treatment and reporting practices except as required by GAAP or (ii) in tax reporting treatment except as required by law.

(f) Annual Financial Statements. Section 9.7 of the Loan Agreement shall be amended and restated in its entirety as follows:

9.7 Annual Financial Statements. Furnish Agent no later than the earlier to occur of (x) the date by which Vital Farms is required to file its annual report on form 10-K with the SEC after the close of each fiscal year of Borrowers or (y) the one hundred twentieth (120th) day after the end of each fiscal year of Borrowers, financial statements of Borrowers on a consolidating and consolidated basis including, but not limited to, statements of income and stockholders' equity and cash flow from the beginning of the current fiscal year to the end of such fiscal year and the balance sheet as at the end of such fiscal year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification by an independent certified public accounting firm selected by Borrowers and satisfactory to Agent (the "Accountants"). In addition, the reports shall be accompanied by a Compliance Certificate.

(g) Quarterly Financial Statements. Section 9.8 of the Loan Agreement shall be amended and restated in its entirety as follows:

9.8 Quarterly Financial Statements. Furnish Agent no later than the earlier to occur of (x) the date by which Vital Farms is required to file its quarterly report on form 10-Q with the SEC after the close of each fiscal quarter of Borrowers or (y) the forty-fifth (45th) day after the end of each fiscal quarter of Borrowers, an unaudited balance sheet of Borrowers on a consolidated and consolidating basis and unaudited statements of income and stockholders' equity and cash flow of Borrowers on a consolidated and consolidating basis reflecting results of operations from the beginning of the fiscal year to the end of such quarter and for such quarter, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year-end adjustments that individually and in the aggregate are not material to Borrowers' business operations and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The reports shall be accompanied by a Compliance Certificate.

(h) Information as to Borrowers. Article IX of the Loan Agreement shall be amended by adding a new Section 9.19 to the end thereof as follows:

9.19 SEC Reports. Furnish Agent, promptly upon becoming available to Borrowers, any reports, including Forms 10-K, 10-Q and 8-K, registration statements and prospectuses and other shareholder communications, filed by any Borrower with the SEC and not posted to the EDGAR website; provided that Borrowing Agent shall promptly notify Agent of the posting of any such documents to the EDGAR website that are material and not filed in the ordinary course of the Borrowers' business.

2. **Representations and Warranties. Each Borrower hereby:**

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that all are true and correct in all respects as of the date hereof as if made on and as of the date hereof, except for representations and warranties which related exclusively to an earlier date, which shall be true and correct in all respects as of such earlier date;

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary corporate action and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its articles of incorporation, bylaws or other formation documents, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith are valid, binding and enforceable in accordance with their respective terms except as such enforceability may be limited by equitable principles or any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

3. **Conditions Precedent/Effectiveness Conditions.** This Amendment shall be effective upon satisfaction of the following conditions precedent (all documents to be in form and substance satisfactory to Agent and Agent's counsel):

(a) Agent shall have received this Amendment fully executed by Borrowers;

(b) Agent shall have received documentation evidencing that Vital Farms has publically filed to initiate consummation of the IPO; and

(c) Execution and/or delivery of all other agreements, instruments and documents requested by Agent to effectuate and implement the terms hereof.

4. **Amendments to Organizational Documents and Stock Split.** Notwithstanding anything to the contrary contained in the Loan Agreement, Agent and Lenders consent to the amendment and restatement of Vital Farms' articles of incorporation and bylaws (with such amended and restated articles of incorporation and bylaws being referred to collectively as the "Amended Organizational Documents") and the stock split consummated in connection with, or prior to initiation of, the IPO so long as Agent and Lenders have received and approved final versions of the Amended Organizational Documents in advance of the execution and/or filing thereof, as applicable.

5. **Post-Closing Covenant.** Immediately upon consummation of the IPO, Borrowers shall deliver to Agent all material documentation evidencing such consummation (including, without limitation, executed and/or filed copies of the Amended Organizational Documents, as applicable).

6. **Further Assurances.** Borrowers hereby agree to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

7. **Payment of Expenses.** Borrowers shall pay or reimburse Agent and Lenders for their reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

8. **Reaffirmation of Loan Agreement.** Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

9. **Confirmation of Indebtedness.** Borrowers confirm and acknowledge that as of the close of business on July [ ], 2020, Borrowers were indebted to Agent and Lenders for the Advances under the Loan Agreement without any deduction, defense, setoff, claim or counterclaim, of any nature, in the aggregate principal amount of $[ ] due on account of Revolving Advances, $[ ] due on account of the Term Loan and $[ ] due on account of the Equipment Loans, plus all fees, costs and expenses incurred to date in connection with the Loan Agreement and the Other Documents.

10. **Release.** In consideration of Agent's and Lenders' agreements contained in this Amendment, Borrowers hereby irrevocably release and forever discharge Agent, Lenders and their respective affiliates, subsidiaries, successors, assigns, partners, members, shareholders, directors, officers, employees, agents, consultants, attorneys and other professional advisors (each, a "Released Person") of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which Borrowers ever had or now have against any Released Person which relates, directly or indirectly, to any acts or omissions of any Released Person relating to the Loan Agreement or any Other Document on or prior to the date hereof.

11. **Miscellaneous.**

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of counterparts and by facsimile or electronic transmission, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

VITAL FARMS, INC.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS OF MISSOURI, LLC
By its Member: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

VITAL FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

SAGEBRUSH FOODSERVICE, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

BARN DOOR FARMS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO SEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

BACKYARD EGGS, LLC
By its Manager: Vital Farms, Inc.

By: /s/ Jason Dale
Name: Jason Dale
Title: Chief Operating Officer

[SIGNATURE PAGE TO SEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

AGENT AND LENDER: **PNC BANK, NATIONAL ASSOCIATION**, as Agent and Lender

By: /s/ Lauren Wagner
Name: Lauren Wagner
Title: Vice President

[SIGNATURE PAGE TO SEVENTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN, AND SECURITY AGREEMENT]

Exhibit 16.1

RSM US LLP

811 Barton Springs Rd
Suite 550
Austin, TX 78704

T +1 512 476 0717
F +1 512 476 0462

www.rsmus.com

April 6, 2020

Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Commissioners:

We have read Vital Farms, Inc. and Subsidiaries' statements included in the section entitled "Changes in Independent Registered Public Accounting Firm" in the Registration Statement on Form S-1 and we agree with such statements concerning our firm contained therein.

RSM US LLP

Exhibit 21.1

List of Subsidiaries of Registrant

Name	Jurisdiction of Incorporation or Organization
Vital Farms Missouri, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Vital Farms, Inc.

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Austin, Texas
July 9, 2020