As filed with the Securities and Exchange Commission on June 1, 2020

Registration No. 333-238482

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VROOM, INC.

(Exact name of registrant as specified in its charter)

Delaware	**5500**	**901112566**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1375 Broadway, Floor 11
New York, New York 10018
Telephone: (631) 760-1215
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Paul J. Hennessy
Chief Executive Officer
Vroom, Inc.
1375 Broadway, Floor 11
New York, New York 10018
Telephone: (631) 760-1215
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Marc D. Jaffe, Esq. **Ian D. Schuman, Esq.** **Courtenay Myers Lima, Esq.** **Latham & Watkins LLP** **885 Third Avenue** **New York, New York 10022** **Telephone: (212) 906-1200** **Fax: (212) 751-4864**	**Patricia Moran, Esq.** **Chief Legal Officer** **Vroom, Inc.** **1375 Broadway, Floor 11** **New York, New York 10018** **Telephone: (631) 760-1215**	**Gregory A. Fernicola, Esq.** **Ryan J. Dzierniejko, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **One Manhattan West** **New York, New York 10001** **Telephone: (212) 735-3000** **Fax: (212) 735-2000**

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	**Amount to be registered(1)**	**Proposed maximum offering price per share(1)**	**Proposed maximum aggregate offering price(1)(2)**	**Amount of registration fee(3)**
Common stock, par value $0.001 per share	21,562,500	$17.00	$366,562,500.00	$47,580.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(2) Includes the offering price of shares of common stock that may be sold if the over-allotment option to purchase additional shares of common stock granted by the Registrant to the underwriters is exercised. See "Underwriting."
(3) Of this amount, the Registrant previously paid $12,980.00 of the total registration fee in connection with the previous filing of the Registration Statement.

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

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold 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 June 1, 2020

18,750,000 Shares

Vroom, Inc.

Common Stock

This is an initial public offering of shares of common stock of Vroom, Inc. We are offering 18,750,000 shares of our common stock.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between $15.00 and $17.00. We have applied to list our common stock on The Nasdaq Global Select Market under the symbol "VRM."

We will be treated as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, for certain purposes until we complete this offering. As such, in this registration statement, we have taken advantage of certain reduced disclosure obligations that apply to emerging growth companies regarding selected financial data and executive compensation arrangements. See "Prospectus Summary—Implications of Being Treated As an Emerging Growth Company."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 17 to read about factors you should consider before buying shares of 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 discount(1)	$	$
Proceeds to us, before expenses	$	$

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See "Underwriting."

To the extent the underwriters sell more than 18,750,000 shares, the underwriters have an over-allotment option to purchase up to an additional 2,812,500 shares from us at the initial public offering price, less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2020.

Goldman Sachs & Co. LLC **BofA Securities** **Allen & Company LLC** **Wells Fargo Securities**

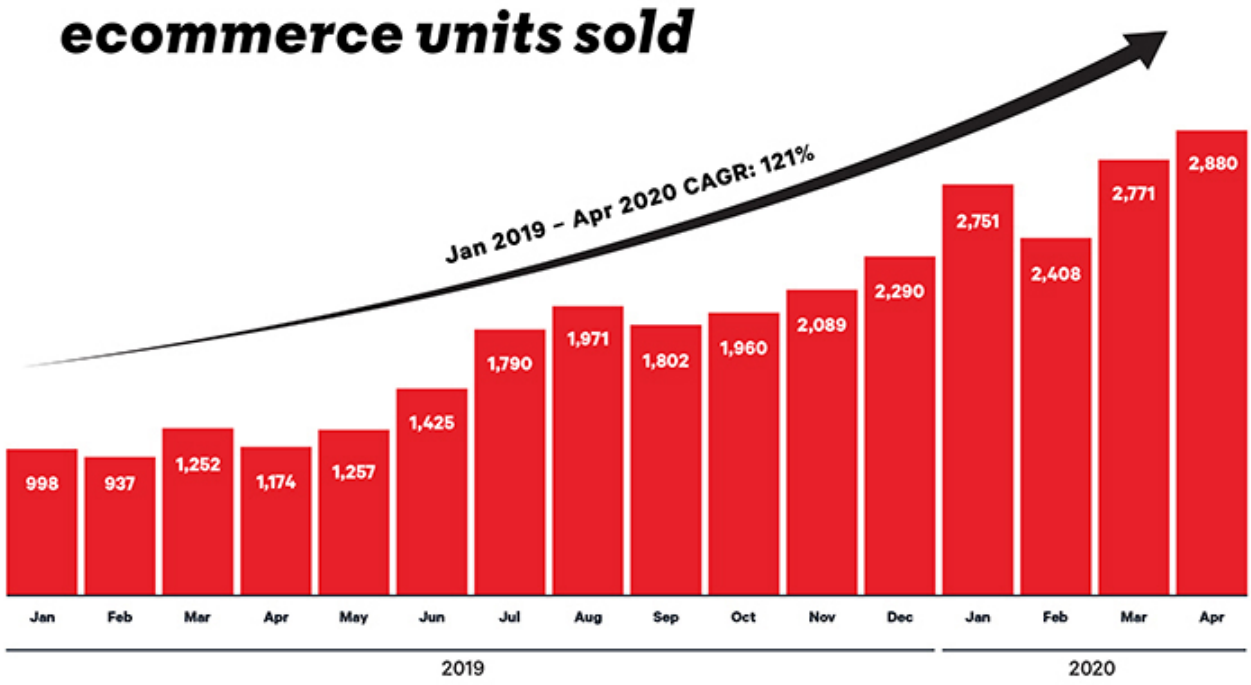
Stifel **William Blair** **Baird** **JMP Securities** **Wedbush Securities**

Prospectus dated , 2020.

Table of Contents

Table of Contents

Note: For a description of how we define and calculate these metrics, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations." These figures do not necessarily correlate to revenue as some average monthly visitors do not generate revenue and vehicles available for sale have not yet generated revenue.



Note: For a description of how we define and calculate this metric, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

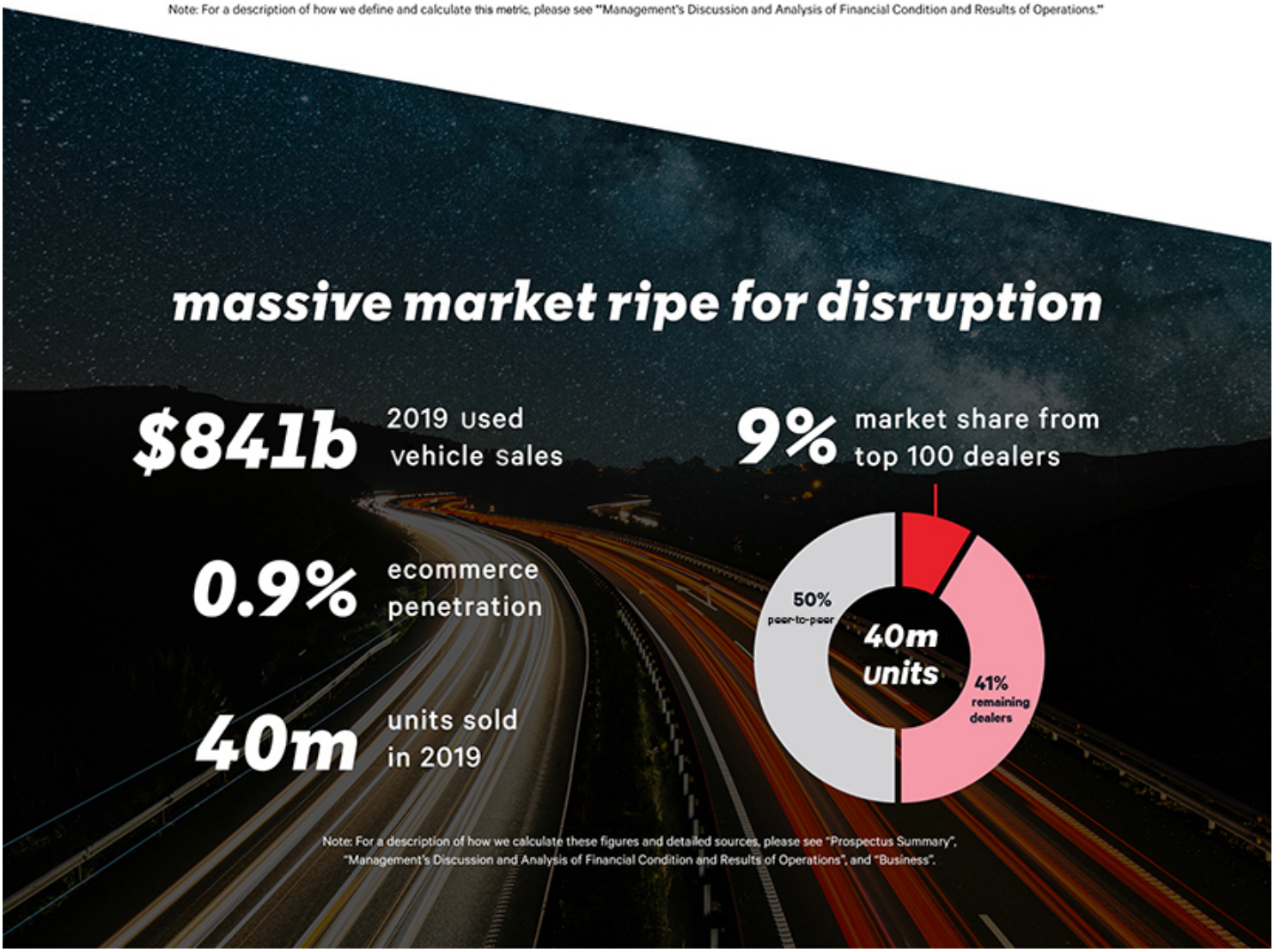
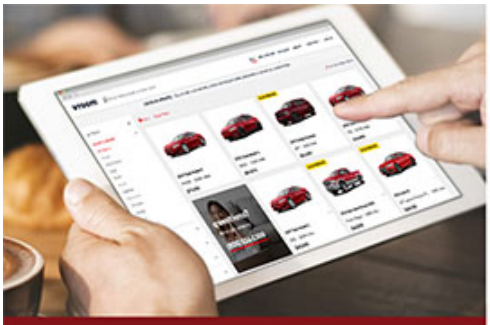
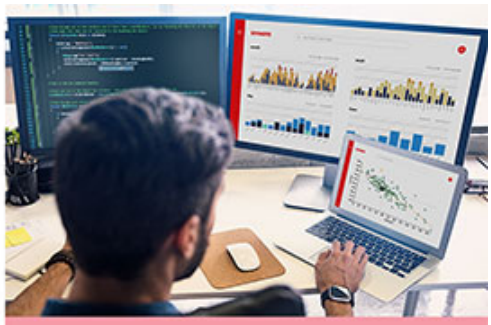


Table of Contents





ecommerce

personalized

intuitive interface

nationwide delivery

vehicle operations

scalable

integrated

asset-light

data science & experimentation

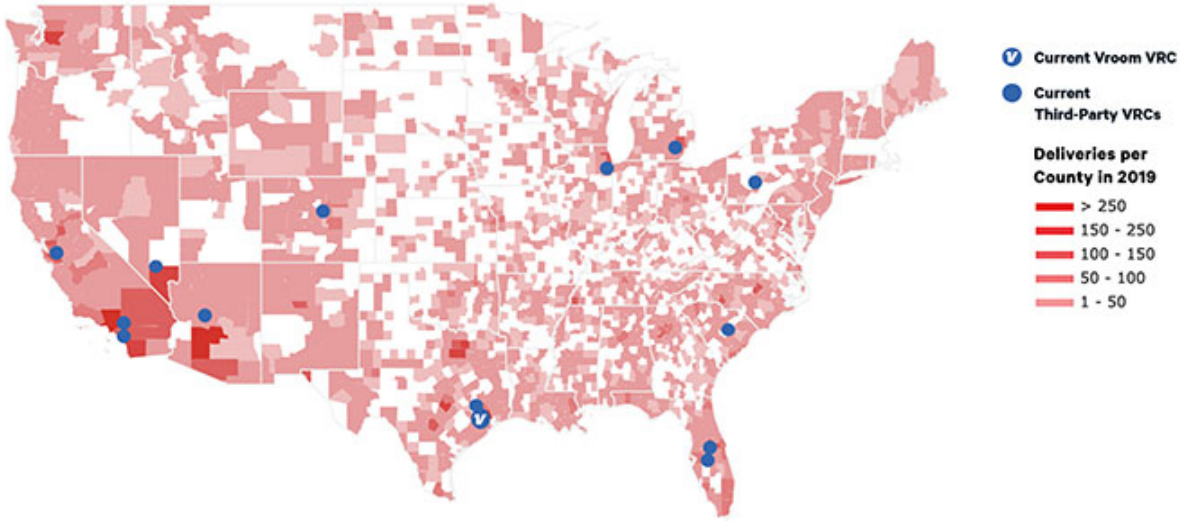
fine-tuned supply

operating leverage

drives optimization

scalable and flexible model

distributed reconditioning & nationwide deliveries



Note: VRC Locations as of April 30, 2020.

TABLE OF CONTENTS

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.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any related free writing prospectuses. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered by this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: We have not, and the underwriters have not, done anything that would permit this offering or the possession or distribution of this prospectus or any free writing prospectus in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States. See "Underwriting."

As used in this prospectus, unless the context otherwise requires, references to "we," "us," "our," "our business," the "company," "Vroom" and similar references refer to Vroom, Inc. and, where appropriate, its consolidated subsidiaries.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and the related notes included elsewhere in this prospectus before making an investment decision.

Our Vision

Build the world's premier platform to research, discover, buy and sell vehicles.

Our Company

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

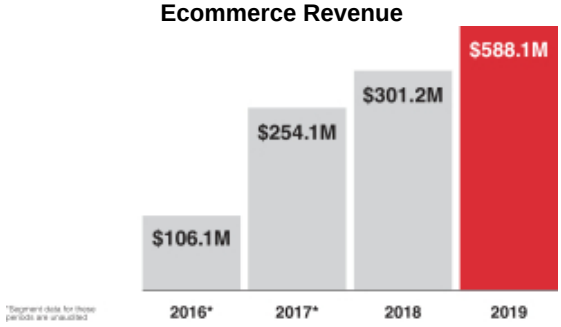
We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, contact-free at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019.[1] The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions.[2] It also is ripe for disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%.[3] Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based Texas Direct Auto® ("TDA"), which included our proprietary vehicle reconditioning center ("Vroom VRC"), our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% compound annual growth rate ("CAGR") from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

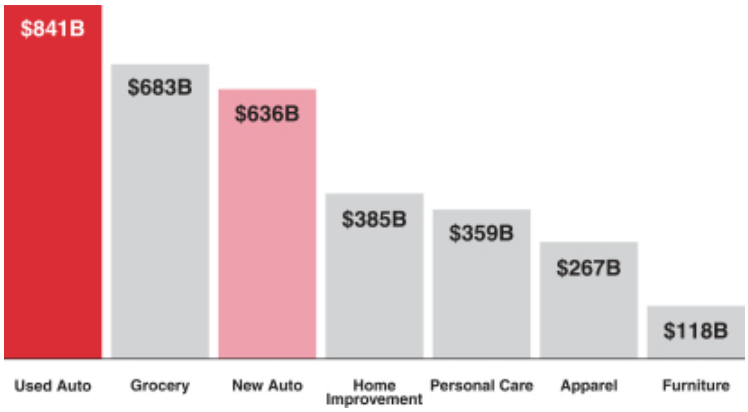
Our Industry and Market Opportunity

The U.S. used automotive industry is a massive market that is ripe for disruption due to its fragmentation, high level of consumer dissatisfaction, changing consumer buying patterns and lack of ecommerce and technology penetration.

- **The U.S. Used Automotive Market is Massive.** The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019.

1 Used automotive industry market size is calculated from 2019 total units sold and 2019 average selling price according to Edmunds, Used Vehicle Report 2019, April 2020 ("Edmunds 2019 Report").
2 Borrell Associates, 2020 Automotive Advertising Outlook, March 2020 ("Borrell Automotive Outlook").
3 Ecommerce penetration calculated from 2018 total units sold according to Edmunds, Used Vehicle Outlook 2019, March 2019 ("Edmunds 2019 Outlook") and 2018 total ecommerce units sold according to Digital Commerce 360, 2019 Automotive Ecommerce Report, November 2019 ("Digital Commerce 360 Report").

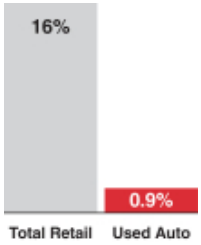
Industry Market Size[4]



- **The U.S. Used Automotive Market is Highly Fragmented.** There are over 42,000 automotive dealers and millions of peer-to-peer transactions across the country. Across all used vehicle sales in 2018, the largest U.S. used vehicle dealer had a market-share of only 1.8%, with the top 100 used vehicle dealers collectively representing a market share of only 8.6%.[5]
- **The Primary Competitors in the U.S. Used Automotive Market Rely on an Outdated Business Model.** The traditional dealership model involves limited selection, lack of transparency, high pressure sales tactics and inconvenient hours. The peer-to-peer market comes with its own set of challenges, entailing home visits by strangers, lack of secure payment methods or identity checks, difficulty researching available vehicles and lack of verified vehicle condition. Presented with these alternatives, the overwhelming majority of consumers are dissatisfied with the current automotive buying and selling experience. According to a 2019 Gallup survey, vehicle salespersons consistently rank as one of the least trusted professions, with only 9% of respondents reporting trust in that profession.[6] Furthermore, in another survey, 81% of respondents reported dissatisfaction in the car buying process.[7]
- **Ecommerce Penetration in the U.S. Used Automotive Market is Just Beginning.** The used automotive market has one of the lowest ecommerce penetration levels, representing only a 0.9% share of all used automotive sales in 2018. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030, representing significant upside as compared to the ecommerce penetration of other consumer product categories. Furthermore, while it is too soon to measure the long-term impact of the COVID-19 pandemic on consumer behavior, in a survey conducted after the onset of the COVID-19 pandemic, 61% of respondents were open to buying a vehicle online as compared to 32% prior to the COVID-19 pandemic.[8]

4 See footnote 1 for used automotive industry market size calculation. Market size of remaining industries according to U.S. Census Monthly Retail Sales, 2019. New auto market calculated from 2019 total units sold and average selling price according to Edmunds, Automotive Industry Trends, Jan. 2020.
5 Market share calculated from 2018 units sold by largest and top 100 used vehicle retailers, respectively, according to Automotive News, April 2019 (“Automotive News 2019”) and 2018 total units sold according to Edmunds 2019 Outlook.
6 Gallup, Americans’ Ratings of the Honesty and Ethical Standards of Professions, 2019.
7 Dealersocket Independent Dealership Action Report, 2016.
8 CarGurus, U.S. COVID-19 Sentiment Study, April 2020.

Ecommerce Penetration[9]



- **Consumers Increasingly Desire Convenience and Customization through Ecommerce.** The U.S. retail used automotive market is experiencing shifting consumer buying patterns from in-store towards online purchases. In particular, mobile commerce is poised for even faster growth than broader ecommerce.
- **Used is the new "New."** Consumers are becoming increasingly willing to buy used goods. In 2019, 64% of vehicle shoppers considered buying a used vehicle before making a purchase decision, up from 61% in 2018.[10] At the same time, the average price differential between new and three-year-old used vehicles grew from $11,000 in 2015 to nearly $14,000 per vehicle in 2018.[11] As a result, owning or leasing a new vehicle has become increasingly unaffordable.
- **The U.S. Used Automotive Market is Growing and Resilient.** American consumers continue to exhibit entrenched vehicle ownership trends with approximately 284 million registered vehicles on the road in 2019, as compared to 279 million in 2018.[12] Further, approximately 91.5% of families in the United States had at least one vehicle in 2018.[13] In addition to increasing consumer demand, the used vehicle industry has shown resilience through recessionary markets and other challenging economic cycles. While the average new vehicle gross profit margin fell from 6.9% in 2007 to 6.7% in 2009, used vehicle gross profit margins (including wholesale and retail) increased from 8.9% in 2007 to 9.4% in 2009.[14] While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

In light of the fragmentation, consumer dissatisfaction and lack of ecommerce penetration of the used vehicle industry, there is room for multiple participants to disrupt the traditional dealership model and peer-to-peer market by offering ecommerce solutions that leverage technology and data analytics to achieve superior operational efficiency and exceptional customer experience.

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9 See footnote 3 for used automotive ecommerce penetration. Ecommerce penetration for 2019 total retail units sold according to Digital Commerce 360 Report as of February 2020.
10 Cox Automotive, Car Buyer Journey 2019, June 2019 ("Cox 2019 Report").
11 Edmunds 2019 Outlook.
12 Hedges and Company.
13 U.S. Census Selected Housing Characteristics.
14 Publicly available filings. Change in gross margin calculated based on selected auto dealer public company comparables' change in average gross margin from fiscal year 2007 to fiscal year 2009. Used vehicle metrics include wholesale and retail used vehicle sales.

What We Do: Offer a Better Way

We are driving a better way to buy and a better way to sell used vehicles and bringing about enduring change in the industry. Our platform brings together all phases of the vehicle buying and selling process in a seamless, intuitive and convenient way. We create a climate of trust and provide an exceptional experience with complete transparency by eliminating friction and sales pressure. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer. We offer a better way.

A Better Way to Buy

For consumers looking to buy a used vehicle, we offer a value proposition that differs markedly from traditional auto dealers and the peer-to-peer market. We are dedicated to helping customers evolve from wary shoppers to confident owners by streamlining the entire buying process, from discovery through financing to delivery, by offering the following:

- Enormous inventory selection
- High-quality, Vroom-reconditioned vehicles
- Comprehensive and transparent vehicle information
- Customized vehicle search and discovery
- Competitive, market-based pricing
- Exceptional customer support
- On-demand shopping and convenient, contact-free delivery
- Value-added products
- Vroom 7-Day Return Policy

A Better Way to Sell

We are revolutionizing the process for consumers to sell or trade-in their vehicles. Consumers typically encounter either low-ball prices from their local dealer or face the prospect of advertising and selling the vehicle themselves in a time-consuming process through the peer-to-peer market. In contrast, we offer consumers the following:

- Easy online process for submitting basic vehicle information
- On-demand appraisals
- A guaranteed, real-time price on every vehicle
- No high-pressure sales tactics
- Convenient, contact-free at-home vehicle pick-ups
- Hassle-free loan pay-offs

Our Competitive Strengths

- **A Leading Ecommerce Platform for Used Vehicles.** We offer an end-to-end, ecommerce platform to research, discover, buy, sell, transport, recondition, price, finance, register and deliver vehicles nationwide.
- **Asset-Light, Scalable Operations.** Our focus on ecommerce allows us to grow without the need for capital investment in physical retail locations. We employ a hybrid approach across our business combining ownership and operation of assets by us, with strategic third-party partnerships. Our strategy provides flexibility, agility and speed as we scale our business, without taking on the unnecessary risk and capital investment inherent in direct investment.
- **Relentless Focus on Data Science.** Data science is at the core of everything we do. Our proprietary technology, machine learning and data analytics models continuously optimize our marketing investments and conversion funnel, fine-tune our supply, sourcing and logistics models, calibrate our vehicle pricing, streamline our reconditioning processes and optimize our overall inventory sales velocity.
- **Continuous Experimentation and Innovation at Scale.** We strive to make key decisions based on data and testing. We continuously experiment using A/B and multivariate testing methodologies to drive conversion, innovation and improved unit economics.
- **National Market Penetration and Brand.** Our national presence provides a significant competitive advantage versus local dealerships and regional players that lack scalable technology, operations and logistics and are unable to take advantage of the efficiencies and lower costs of national brand advertising.
- **Difficult to Replicate Business Model.** Our platform overcomes the unique operational and technological challenges associated with buying and selling used vehicles in an ecommerce channel. Any new entrant would require data-driven automotive expertise, ecommerce capabilities and scalable operations integrated in a single platform.
- **Seasoned Leadership Team and an Exceptional Culture.** Our leadership team is comprised of seasoned executives with a demonstrated track record of scaling businesses and achieving profitable growth, while preserving a unique culture that prioritizes commitment to our values.

Our Growth Strategies and Path to Profitability

The core elements of our platform—ecommerce, vehicle operations, and data science and experimentation—serve as the foundation of our growth strategies and path to profitability.

Drive Growth

Our business has grown significantly as we have scaled our operations. Our growth is not attributable to a single innovation or breakthrough, but to coalescence around multiple strategies that serve as points on our flywheel. The diversity and number of vehicles in our inventory drive demand and support expanded national marketing to enable us to acquire new customers more cost effectively, allowing us to invest back into our platform to continue to improve the customer experience, all of which drives increased conversion. This flywheel revolves, builds momentum and ultimately propels our business forward as we seek to drive disciplined growth and operating leverage.

Growth Flywheel

- **Grow and Optimize Vehicle Inventory.** We use data analytics to inform our pricing and inventory selection, which enables us to curate an optimal inventory that matches demand signals, driving higher conversion and sales. As we grow, we will continuously refine our inventory mix and expand our offerings across vehicle price points to serve a greater range of customers and increase our demand and conversion opportunities.
- **Expand Marketing and Maximize ROI.** The strength of our brand and effectiveness of our advertising programs is critical to our ability to attract new customers cost effectively. Leveraging our advanced data analytics, we will continue to invest in national marketing campaigns and targeted performance marketing to identify, attract and convert new customers at lower cost. We also run sophisticated digital marketing across various vehicle listing sites, constantly monitoring performance and maximizing ROI with limited reliance on any one platform. Additionally, to date we have used search aggregators and social media platforms for advertising on a very limited basis, and we continuously seek new cost-efficient marketing opportunities and channels.
- **Deliver Exceptional Customer Experience.** We believe that customer experience is fundamental to the growth of our business. We will continue to invest in our platform to further streamline the transaction process for our customers. We will also continue to invest in the development of our mobile experiences, including iOS and Android mobile applications, to strengthen customer engagement. We believe these investments will lead to greater consumer traffic to our platform, higher levels of customer satisfaction and increased conversion and sales.
- **Increase Conversion.** Sales conversion drives revenue growth and is an output of the acceleration of every point on the growth flywheel. We will continue to invest in our technology framework to optimize all aspects of our conversion funnel by constantly A/B testing our web and mobile applications to ensure we are displaying the features and formats that are most likely to resonate with our customers and lead to increased sales.

Drive Profitability

Our business model benefits from network effects and significant operating leverage as it scales. We believe that improvements in our unit economics are the foundation to driving profitability and will be achieved by scaling and optimizing the following elements of our platform:

- **Optimize Vehicle Acquisition and Pricing**. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire the right vehicle at the right price through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure.
- **Increase Reconditioning Capacity.** As we scale our business, we intend to invest in increased reconditioning capacity, employing our hybrid approach that combines the use of Vroom VRCs with geographically dispersed third-party VRCs to best meet our reconditioning needs. We are expanding our reconditioning capacity through third-party VRC locations and going forward we expect to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility.
- **Expand Value-Added Products.** Every vehicle sale creates potential for multiple additional revenue streams, including fees earned on third-party vehicle financing for customers and fees from the sale of other value-added products. We believe there are substantial opportunities to increase attachment rates on existing value-added products through training, merchandising and technology enhancements. We also see a significant opportunity to provide our customers with additional value-added products, such as auto insurance, and complementary services such as entertainment and location based services.
- **Strategically Develop Logistics Network.** We primarily use third-party carriers for our inbound and outbound vehicle transport, and are in the process of developing strategic carrier arrangements with national haulers in order to optimize our logistics network. As part of our hybrid approach, we also intend to continually evaluate and strategically expand our proprietary logistics operations and expect our enhanced logistics operations will drive lower inbound and outbound transportation costs.

Capitalize on New Product and Market Opportunities

- **Expand our Platform to Additional Products and Markets.** We have the potential to leverage our platform for expansion into additional areas of technology-enabled commerce, such as adjacent transportation and vehicle markets, global geographic markets and B-to-B business models.
- **Continue to Innovate on New Capabilities.** We believe we are well-positioned to expand our capabilities to participate actively as the industry evolves, including in such areas as electrification and shared mobility.

Growth in Unit Sales and Unit Economic Progression

In 2019, following the successful completion of two test programs that indicated a strong potential for organic, national expansion, we made the strategic decision to begin to aggressively scale our business and accelerate our growth. We began national marketing in February 2019 and simultaneously began to increase our inventory purchasing across multiple dispersed markets, we expanded shifts and overtime at our Vroom VRC to more rapidly recondition units and we paid a premium to ship units more quickly nationwide. As a result, we nearly doubled our inventory, doubled our reconditioning capacity and more than doubled our monthly sales in 2019.

The significant growth in consumer demand in 2019 exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period. By consciously prioritizing growth during the first half of 2019, we put downward pressure on unit economics for the short term, which also coincided with a stronger cycle of price depreciation in the second half of 2019 as compared to the prior year. This resulted in ecommerce GPPU declining from $1,806 and $1,892 in the first and second quarters of 2019, respectively, to $1,577 and $1,626 in third and fourth quarters of 2019, respectively.

In order to improve our unit economics, we used data to inform and optimize our operations across acquisitions, reconditioning and logistics. We also reexamined our reconditioning standards and defect disclosures, and we adopted refinements that enabled us to reduce costs without reducing customer satisfaction. In addition to the initiatives designed to improve our gross profit per ecommerce unit, we also entered into new arrangements with our third-party carriers that resulted in reduced outbound shipping costs, thereby reducing our selling, general and administrative expenses.

Impact of COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. The COVID-19 pandemic has impacted us in a number of ways, including an adverse impact on our ecommerce operations. We began to see this impact on our ecommerce operations during the last three weeks of our fiscal quarter ended March 31, 2020. Between March 11, 2020 and March 31, 2020, we experienced an approximate 15% decrease in total ecommerce revenue due to a decrease in consumer demand as compared to the 20 days prior to March 11, 2020. Commencing in late March, we reduced vehicle prices in order to drive vehicle sales and quickly reduce the amount of inventory that was purchased pre-COVID-19 and we paused all vehicle acquisitions other than trade-ins. As a result, we significantly reduced our total inventory levels as well as our inventory floorplan utilization. Due to the inventory price reductions that began in late March, our demand returned to pre-COVID-19 levels, and we experienced robust ecommerce vehicle sales; however, those sales were at a greatly reduced gross profit per unit. On April 20, 2020, we began to acquire new inventory from both auctions and consumers, with a primary focus on high-demand models that we believe will convert at target margins. We intend to strategically

build our inventory levels in the near term to return to and ultimately exceed pre-COVID-19 levels.

In response to the COVID-19 disruptions, in addition to managing our inventory exposure, we have implemented a number of measures to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. In addition, effective May 3, 2020, approximately one-third of our workforce was placed on furlough. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions. We have also instituted an across-the-board salary reduction for our non-furloughed salaried employees. We also have taken measures to reduce operating expenses by negotiating reductions and deferrals in payments to landlords, vehicle listing sites, service providers and commercial vendors, as well as significantly reducing planned marketing expenditures by approximately $3.5 million through the end of May. Additionally, we adjusted our delivery protocols to provide contact-free delivery and pickup of vehicles.

As of April 30, 2020, we had $156.4 million in cash and cash equivalents and $280.8 million was available under our 2020 Vehicle Floorplan Facility. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of COVID-19” for additional information regarding how COVID-19 has impacted our operations.

Risks Associated with Our Business

There are a number of risks that you should understand before making an investment decision regarding this offering. These risks are discussed more fully in the section entitled “Risk Factors” following this prospectus summary. If any of these risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the trading price of our common stock would likely decline, and you may lose all or part of your investment. These risks include, but are not limited to:

- the impact of the novel coronavirus (COVID-19) pandemic;
- we have a history of losses and we may not achieve or maintain profitability in the future;
- as a result of the impact of the COVID-19 pandemic, in combination with our history of losses and negative cash flows from operations and that we have not yet obtained additional capital in connection with this offering, our consolidated financial statements contain a statement regarding a substantial doubt about our ability to continue as a going concern;
- we may not be able to generate sufficient revenue to generate positive cash flow on a sustained basis, and our revenue growth rate may decline;
- we have a limited operating history and are still building out our foundational systems;
- 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 manage our growth effectively;
- our business is subject to certain risks related to the operation of, and concentration of our revenues and gross profit from TDA;
- we have entered into outsourcing arrangements with a third party related to our customer experience team, and any difficulties experienced in these arrangements could result in an interruption of our ability to sell our vehicles and value-added products;

- we face a variety of risks associated with the operation of our VRCs by us and our third-party service providers, any of which could materially and adversely affect our business, financial condition and results of operations;
- we rely on third-party carriers to transport our vehicle inventory throughout the United States. Thus, we are subject to business risks and costs associated with such carriers and with the transportation industry, many of which are out of our control;
- the current geographic concentration where we provide reconditioning services and store inventory creates an exposure to local and regional downturns or severe weather or catastrophic occurrences that may materially and adversely affect our business, financial condition and results of operations; and
- if we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.

Before you invest in our common stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading "Risk Factors."

Implications of Being Treated As an Emerging Growth Company

We ceased to be an emerging growth company as of December 31, 2019, due to generating more than $1.07 billion in annual revenue for the year ended December 31, 2019. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), for certain purposes until the earlier of the date we complete this offering and December 31, 2020. As such, we are permitted to rely on exemptions from certain disclosure and other requirements that are applicable to other public companies that are not emerging growth companies. In particular, in this prospectus, we have taken advantage of certain reduced disclosure obligations regarding the provision of selected financial data and executive compensation arrangements. We have also taken advantage of the extended transition period for complying with new or revised accounting standards available to emerging growth companies. Accordingly, the information contained in this prospectus may be different from the information you might receive from other public companies. For additional information and certain risks related to our treatment as an emerging growth company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—JOBS Act" and "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Although we ceased to be an 'emerging growth company,' we can continue to take advantage of certain reduced disclosure requirements in this registration statement, which may make our common stock less attractive to investors."

Corporate Information

We were incorporated in Delaware in 2012. Our principal executive offices are located at 1375 Broadway, 11th Floor, New York, New York 10018. Our telephone number is (631) 760-1215 and our website address is *www.vroom.com*. The information contained on, or that can be accessed through, our website is deemed not to be incorporated in this prospectus or to be part of this prospectus. You should not consider information contained on our website to be part of this prospectus in deciding whether to purchase shares of our common stock.

This prospectus includes our trademarks and trade names, including but not limited to Vroom®, Vroom Get In™, TDA®, DealerLane®, Texas Direct® and Sell Us Your Car®, which are protected under

applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, ™ or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

THE OFFERING

Common stock offered by us	18,750,000 shares
Underwriters' over-allotment option to purchase additional shares of common stock	The underwriters have a 30-day over-allotment option to purchase up to 2,812,500 additional shares of common stock from us as described under the heading "Underwriting."
Common stock to be outstanding after this offering	112,737,090 shares (or 115,549,590 shares, if the underwriters exercise their over-allotment option in full).
Use of proceeds	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $275.1 million (or approximately $317.2 million if the underwriters exercise their over-allotment option in full), based upon the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies; however, we do not have agreements or commitments for any material acquisitions or investments at this time. See the section titled "Use of Proceeds" for additional information.
Dividend policy	We do not expect to pay any dividends on our common stock for the foreseeable future. See "Dividend Policy."
Listing	We have applied to list our common stock on the The Nasdaq Global Select Market ("Nasdaq") under the symbol "VRM."
Risk factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in our common stock.

The number of shares of our common stock to be outstanding after this offering includes the number of shares of common stock outstanding as of March 31, 2020, after giving effect to the

assumed automatic conversion, as adjusted for the Forward Stock Split (as defined below), of all outstanding shares of our preferred stock into 85,533,394 shares of common stock upon the closing of this offering (the "Automatic Conversion"). This number excludes:

- 3,019,108 shares of common stock reserved for future grant or issuance under our 2020 Incentive Award Plan (the "2020 Plan"), which shares will automatically increase each year, as more fully described in "Executive Compensation—Employee Benefit Plans";
- the exercise of warrants to purchase 161,136 shares of common stock, which will result in the net issuance of 153,885 shares of common stock in connection with this offering, assuming an initial public offering price of $16.00 per share of common stock (which is the midpoint of the price range set forth on the cover page of this prospectus);
- 589,970 shares of common stock issuable upon the exercise of warrants outstanding as of March 31, 2020 with an exercise price of $8.53 per share;
- 6,198,676 shares of common stock issuable upon exercise of stock options outstanding as of March 31, 2020, having a weighted-average exercise price of $4.37 per share;
- 978,060 shares of common stock issuable upon settlement of restricted stock units outstanding as of March 31, 2020 having a weighted average grant date fair value of $7.80 per share;
- 1,463,346 shares of our common stock subject to restricted stock units granted after March 31, 2020;
- 3,249,382 shares of common stock issuable upon settlement of restricted stock awards outstanding as of March 31, 2020; and
- the issuance of 183,870 shares of common stock in connection with the entrance into the RA Agreement (as defined in "Business—Our Marketing") occurring after March 31, 2020.

Unless otherwise indicated, all information contained in this prospectus assumes:

- the Automatic Conversion;
- a 2-for-1 forward common stock split to be effected prior to the closing of this offering (the "Forward Stock Split");
- no exercise, settlement or termination of outstanding stock options, warrants or restricted stock units after March 31, 2020;
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering;
- an initial public offering price of $16.00 per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus; and
- no exercise of the underwriters' option to purchase additional shares of our common stock from us in this offering to cover over-allotments.

Summary Consolidated Financial and Other Data

The following tables summarize our consolidated financial and other data. We have derived our summary consolidated statements of operations data for the years ended December 31, 2018 and 2019 from our consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data presented below for the three months ended March 31, 2020 and 2019 and the selected consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on a consistent basis as our audited consolidated financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following financial information together with the information under the sections titled "Capitalization," "Selected Consolidated Financial and Other Data," "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.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
(in thousands, except share and per share data)				
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted[1]	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		$ (1.55)		$ (0.44)
Pro forma weighted average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		92,174,590		94,004,850

(in thousands)	As of March 31, 2020 (unaudited) Actual	Pro Forma[2]	Pro Forma As Adjusted[3][4]
Cash and cash equivalents	$ 169,842	$ 169,842	$ 444,982
Total assets	547,083	547,083	822,223
Total liabilities	262,160	262,160	262,160
Total redeemable convertible preferred stock	901,046	—	—
Total stockholders' (deficit) equity	(616,123)	284,923	560,063

(1) See Note 17 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and unaudited pro forma net loss per share attributable to common stockholders, basic and diluted for the year ended December 31, 2019 and for the three months ended March 31, 2020.

(2) The unaudited pro forma consolidated balance sheet data as of March 31, 2020 presents our consolidated balance sheet data to give effect to (i) the Automatic Conversion (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020.

(3) The unaudited pro forma as adjusted consolidated balance sheet data reflects the items described in footnote (2) above and gives effect to our receipt of estimated net proceeds from the sale of shares of common stock in this offering at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' deficit by $17.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, total assets and total stockholders' deficit by $15.0 million, assuming that the price per share for the offering remains at $16.00 (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

(4) The unaudited pro forma as adjusted data discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

	Year Ended December 31, 2018	2019	Three Months Ended March 31, 2019	2020
Key Operating and Financial Metrics:[a]				
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

(a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for information on how we define these key operating and financial metrics.

RISK FACTORS

This offering and an investment in our common stock involve a high degree of risk. You should carefully consider the risks described below, together with the financial and other information contained in this prospectus, before you decide to purchase shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our common stock could decline and you could lose all or part of your investment in our common stock.

Risks Related to Our Business

***The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations*.**

In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures have adversely affected workforces, customers, supply chains, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn across many global economies.

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainty and economic disruption, and leading to record levels of unemployment nationally. Numerous state and local jurisdictions have imposed, and others in the future may impose, shelter-in-place orders, quarantines, shut-downs of non-essential businesses, and similar government orders and restrictions on their residents to control the spread of COVID-19. Such orders or restrictions have resulted in temporary facility closures (including certain of our third-party VRCs), work stoppages, slowdowns and travel restrictions, among other effects, thereby adversely impacting our operations. In addition, we expect to be impacted by a downturn in the United States economy, which could have an adverse impact on discretionary consumer spending.

In response to the COVID-19 disruptions, we have implemented a number of measures designed to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce was placed on furlough. The majority of employees furloughed were in reconditioning, logistics, acquisitions and TDA sales, which were the positions most affected by the reduction in unit volume. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels. We are also modifying our capital allocation plan for the remainder of 2020, including reducing our planned capital expenditures, strategically reducing exposure to inventory and floorplan liabilities and moderating our marketing expenditures. While our ecommerce platform continues to operate, we have experienced a decline in foot traffic in TDA in the second half of March as compared to the first half of March due to the COVID-19 disruptions, leading to lower TDA sales. We will continue to incur costs for our operations, and our revenues during this pandemic are difficult to predict with certainty. As a result of any of the above developments, our business, results of operations, cash flows or financial condition for the full fiscal year of 2020 have

been and will be significantly affected by the COVID-19 disruptions and could continue to be adversely impacted in the future. There is no assurance the measures we have taken or may take in the future will be successful in managing the uncertainties caused by COVID-19.

The extent to which COVID-19 ultimately impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of the COVID-19 outbreak and the effectiveness of actions taken to contain the COVID-19 outbreak or treat its impact, among others. Additionally, while the extent to which COVID-19 ultimately impacts the wholesale market will depend on a number of factors, the potential impact of the influx of vehicles from rental car companies could cause downward pressure on the value of used vehicles, which could have an adverse impact on our ability to liquidate our inventory in a timely manner or at all. The COVID-19 outbreak is evolving and new information emerges daily; accordingly, the ultimate consequences of the COVID-19 outbreak cannot be predicted with certainty.

In addition to the COVID-19 disruptions adversely impacting our business and financial results, they may also have the effect of heightening many of the other risks described in “Risk Factors,” including risks relating to changes in consumer demand; our limited operating history; our ability to generate sufficient revenue to generate positive cash flow; the operation of, and concentration of our revenues and gross profit from TDA; our relationships with third party customer experience teams; the operation of our VRCs by us and our third party service providers; the current geographic concentration of reconditioning services and store inventory; our level of indebtedness; our agreement with a single lender to finance our vehicle inventory purchases and the expiration of such agreement; our access to desirable vehicle inventory; regulatory restrictions; and the shift by traditional dealers to online sales and deliveries.

We have a history of losses and we may not achieve or maintain profitability in the future.

We have not been profitable since our inception in 2012 and had an accumulated deficit of approximately $616.1 million as of March 31, 2020. We incurred net losses of $143.0 million and $41.1 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively, as compared to $85.2 million and $27.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively. We may incur significant losses in the future for a number of reasons, including our inability to reduce costs, acquire and appropriately price vehicle inventory, attract customers or identify and respond to emerging trends in the used car industry; slowing demand for used vehicles and our related value-added products; weakness in the automotive retail industry generally; general economic conditions; global pandemics; and increasing competition, as well as other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays in achieving profitability.

Additionally, we expect to continue to incur losses as we invest in and strive to grow our business. We expect our operating expenses to increase in the future as we increase our advertising and marketing efforts to build our brand, continue to invest in technology development and expand our operating infrastructure. In addition, as a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenue to offset our operating expenses and achieve and maintain profitability. In addition, if we reduce variable costs to respond to losses, this may limit our ability to acquire customers and grow our revenues. Our ecommerce gross profit per unit declined by $546, or 24.4%, for the year ended December 31, 2019 compared to 2018, and by $7, or 0.4%, for the quarter ended March 31, 2020 compared to the quarter ended March 31, 2019. To reduce our losses, we will need to increase our gross profit per unit by lowering our costs per unit by, among other things, increasing efficiencies in reconditioning and logistics, which we may be unable to do. Accordingly, we may not achieve or maintain profitability and we may continue to incur significant losses in the future.

As a result of the impact of the COVID-19 pandemic, in combination with our history of losses and negative cash flows from operations and that we have not yet obtained additional capital in connection with this offering, our consolidated financial statements contain a statement regarding a substantial doubt about our ability to continue as a going concern.

As a result of the factors described above under the risk factor titled "the novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations," in combination with our history of losses and negative cash flows from operations and that we have not yet obtained additional capital in connection with this offering, our financial statements include a statement that there is a substantial doubt about our ability to continue as a going concern over the next twelve months and our independent registered public accounting firm has included an explanatory paragraph in their report on our consolidated financial statements. Our ability to continue as a going concern is dependent upon us generating sufficient cash flow from operations and obtaining additional capital and financing, including the proceeds from this offering. If our ability to generate cash flow from operations is delayed or reduced and we are unable to raise sufficient proceeds from this offering, we may be unable to continue in business.

We may not be able to generate sufficient revenue to generate positive cash flow on a sustained basis, and our revenue growth rate may decline.

We cannot assure you that we will generate sufficient revenue to offset the cost of maintaining our platform and maintaining and growing our business. Although our revenue grew from $855.4 million and $235.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively, to $1.2 billion and $375.8 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively, our revenue growth rate may decline in the future because of a variety of factors, including our inability to reduce costs, acquire and appropriately price vehicle inventory, attract customers or identify and respond to emerging trends in the used car industry; slowing demand for used vehicles and our related value-added products; weakness in the automotive retail industry generally; general economic conditions; and increasing competition. We cannot assure you that our revenue will continue to grow or will not decline. You should not consider our historical revenue growth or operating expenses as indicative of our future performance. If our revenue growth rate declines or our operating expenses exceed our expectations, our business, financial condition and results of operations will be materially and adversely affected.

Further, going forward we expect to make significant investments to further develop and expand our business, and these investments may not result in increased revenue or growth on a timely basis or at all. For example, we expect to continue to expend substantial financial and other resources on acquiring and retaining customers, development of our technology and data analytics capabilities, adding new features and functionality to our website, mobile application development and expansion of our reconditioning and logistics network. These investments may not result in increased revenue or growth in our business. If we cannot successfully earn revenue at a rate that exceeds the costs associated with our business, we will not be able to generate positive cash flow on a sustained basis and our revenue growth rate may decline. Additionally, we base our expenses and investment plans on our estimates of revenue and gross profit. If our assumptions prove to be wrong, we may spend more than we anticipate or may generate less revenue than anticipated. If we fail to continue to grow our revenue, our business, financial condition and results of operations could be materially and adversely affected.

We have a limited operating history and are still building out our foundational systems.

We commenced operations in 2012 and acquired TDA in 2015 and, as a result, have a limited operating history. Moreover, over the past three years, we brought in a new senior leadership team

that has refocused our strategy, accelerated our growth and committed us to pursue a path to profitability. To execute this strategy, we have invested, and continue to invest, in enhancing our foundational systems as we scale our business, including design and expansion of website functionality and features, mobile application development, advancement and deployment of sophisticated data analytics, lean manufacturing technology and logistics network management, and work on all such foundational systems is ongoing. These types of activities subject us to various costs and risks, including increased capital expenditures, additional administration and operating expenses, potential disruption of our internal control structure, acquisition and retention of sufficiently skilled personnel, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our foundational systems. There can be no assurance that we will succeed in successfully developing our capabilities in each of these areas, or that a desirable return on investment will be achieved on the investments made in these areas. A failure to successfully execute on the development of our foundational systems would adversely affect our business, financial condition and results of operations.

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 manage our growth effectively.

Our revenue grew from $855.4 million and $235.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively, to $1.2 billion and $375.8 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively. We expect that, in the future, even if our revenue continues to increase, our rate of growth may decline. In any event, we will not be able to grow as fast or at all if we do not:

- increase the number of unique visitors to our website, the number of qualified visitors to our website (i.e. those who have the intent and ability to transact), and the number of customers transacting on or through our platform;
- further enhance the quality of our vehicle offerings and value-added products, and introduce high quality new offerings and features on our platform; or
- acquire sufficient high-quality inventory at an attractive cost to meet the increasing demand for our vehicles.

Our business has grown rapidly as new customers have purchased vehicles and value-added products from us. However, our business is relatively new and has operated at substantial scale for only a limited period of time. Given this limited history, it is difficult to predict whether we will be able to maintain or grow our business. Our historical revenue growth should not be considered indicative of our future performance. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including difficulties in our ability to achieve market acceptance of our platform and attract customers, as well as increasing competition and increasing expenses as we continue to grow our business. We also expect that our business will evolve in ways that may be difficult to predict. For example, over time our investments that are intended to drive new customer traffic to our website may be less productive than expected. In the event of this or any other adverse developments, our continued success will depend on our ability to successfully adjust our strategy to meet changing market dynamics. If we are unable to do so, our business, financial condition and results of operations could be materially and adversely affected.

Our recent, rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. We have experienced significant growth in the number of customers on our platform as well as the amount of data that we analyze. We have hired and expect to continue hiring additional personnel to support our rapid growth. Our organizational structure is becoming more complex as we add staff, and we will need to continue to improve our

operational, financial and management controls as well as our reporting systems and procedures. This will require significant capital expenditures and the allocation of valuable management resources to grow and adapt in these areas without undermining our corporate culture of teamwork. If we cannot manage our growth effectively to maintain the quality and efficiency of our customers' experience and/or the quality of the vehicles we sell, our business, financial condition and results of operations could be materially and adversely affected.

Our business is subject to certain risks related to the operation of, and concentration of our revenues and gross profits from, TDA.

In 2018 and 2019 and the quarters ended March 31, 2019 and 2020, $379.7 million, $390.2 million, $93.1 million and $87.0 million, respectively, of our revenues were related to sales at TDA, representing approximately 44.4%, 32.8%, 39.6% and 23.2%, respectively, of our total revenue for those periods. In 2018 and 2019 and the quarters ended March 31, 2019 and 2020, TDA gross profit was $35.1 million, $25.4 million, $6.1 million and $5.4 million, respectively. Vehicle sales at TDA could be adversely affected for a variety of reasons, including severe weather conditions or other catastrophic events in the Houston area that could damage our facilities and/or our inventory and keep customers from coming onsite, or economic downturns or other factors affecting the Houston area that could lead to reduced demand. Although revenues and gross profit from TDA are expected to decline as a percentage of total revenues over time as we scale our ecommerce business, a material decline in vehicle sales at TDA in the near term would adversely affect our results of operations. In addition, we acquired TDA in 2015, and, in connection with this acquisition, we could continue to be subject to risks and liabilities from the operation of TDA under its prior ownership, and the indemnities that we negotiated as part of the transaction may not adequately protect us.

We have entered into outsourcing arrangements with a third party related to our customer experience team, and any difficulties experienced in these arrangements could result in an interruption of our ability to sell our vehicles and value-added products.

Currently, the substantial majority of inquiries, sales, purchases and financings of our vehicles in our ecommerce business are conducted through a third-party customer experience center located in Detroit, Michigan, and customers who wish to trade in a vehicle currently must interact with our customer experience team in order to complete their transaction. Thus, the customer experience center is fundamental to the success of our business. As a result, the success of our business and our customer experience is partially dependent on a third party over which we have limited control. If the third party's systems and operations fail or if the third party is otherwise unable to perform its sales function, we may be unable to complete customer transactions, which would prevent us from selling vehicles and value-added products through our platform. In addition, if such third party is unable to perform to our standards or to provide the level of service required or expected by our customers, or we are unable to renegotiate the agreement with the third party on attractive terms or at all, or if we are unable to contract with an alternative third-party provider, our business, financial condition and results of operations may be harmed and we may be forced to pursue alternatives to provide these services, which could result in delays, interruptions, additional expenses and loss of potential and existing customers and related revenues.

We face a variety of risks associated with the operation of our VRCs by us and our third-party service providers, any of which could materially and adversely affect our business, financial condition and results of operations.

We and third-party service providers operate our VRCs. If we are unable to maintain our relationship with our third-party service providers, such service providers cease to provide the services we need, or such service providers are unable to effectively deliver our services to our standards on

timelines and at the prices we have negotiated, and we are unable to contract with alternative vendors or replace such service providers with a Vroom VRC (which may require significant time and investment), we could experience delivery delays, a decrease in the quality of our reconditioning services, delays in listing our inventory, additional expenses and loss of potential and existing customers and related revenues, which may materially and adversely affect our business, financial condition and results of operations. These risks are exacerbated by the fact that our third-party VRCs are primarily operated by one third-party provider.

Moreover, our future growth depends in part on scaling and expanding our reconditioning operations. We are expanding our reconditioning capacity through third-party VRC locations and going forward we expect to continue to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility. If for any reason we are unable to expand our reconditioning operations as planned, this could lead to operational delays and a decrease in planned inventory. Any operational delays or delays in our planned expansion could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we and our third-party vendors are required to obtain approvals, permits and licenses from state regulators and local municipalities to operate our VRCs. We may face delays in obtaining the requisite approvals, permits, financing and licenses to operate our VRCs or we may not be able to obtain them at all. If we encounter delays in obtaining or cannot obtain the requisite approvals, permits, financing and licenses to operate our VRCs in desirable locations, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party carriers to transport our vehicle inventory throughout the United States. Thus, we are subject to business risks and costs associated with such carriers and with the transportation industry, many of which are out of our control.

We rely on third-party carriers to transport vehicles from auctions or individual sellers to VRCs, and then from our VRCs to our customers. As a result, we are exposed to risks associated with the transportation industry such as weather, traffic patterns, local and federal regulations, vehicular crashes, gasoline prices and lack of reliability of many independent carriers. Our third-party carriers' failure to successfully manage our logistics and fulfilment process could cause a disruption in our inventory supply chain and decrease our inventory sales velocity, which may materially and adversely affect our business, financial condition and results of operations. In addition, third-party carriers who deliver vehicles to our customers could adversely affect the customer experience if they do not perform to our standards of professionalism and courtesy, which could adversely impact our business, financial condition and results of operations.

The current geographic concentration where we provide reconditioning services and store inventory creates an exposure to local and regional downturns or severe weather or catastrophic occurrences that may materially and adversely affect our business, financial condition and results of operations.

We currently conduct our business through multiple VRCs, including our Vroom VRC located outside Houston, Texas where we hold a majority of our inventory. In addition, a majority of our third-party reconditioning services are conducted through a single provider, with facilities located in California, Florida, Arizona and other states. Any unforeseen events or circumstances that negatively affect these areas, particularly our facilities near Houston, which have experienced flooding and other damage in recent years as a result of severe weather conditions, including hurricanes, could materially and adversely affect our revenues and results of operations. Changes in demographics and population or severe weather conditions and other catastrophic occurrences in areas in which we operate or from which we obtain inventory may materially and adversely affect our results of operations. Such

conditions may result in physical damage to our properties, loss of inventory and delays in the delivery of vehicles to our customers.

If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.

Our information technology may be subject to cyber-attacks, viruses, malicious software, break-ins, theft, computer hacking, phishing, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems also may be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on or transmitted by those systems, including the data of our customers or business partners. Further, third parties, such as hosted solution providers, that provide services to us, also could be a source of security risks in the event of a failure of their own security systems and infrastructure. Our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with third-party services, including cloud services, and/or failures by such third parties, which may be out of our control.

The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber-incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential suppliers or players. As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for losses associated with cyber-attacks, as with all insurance policies, there are coverage exclusions and limitations, and our coverage may not be sufficient to cover all possible claims, and we may still suffer losses that could have a material adverse effect on our business (including reputational damage). We could also be negatively impacted by existing and proposed U.S. laws and regulations, and government policies and practices related to cybersecurity, data privacy, data localization and data protection. In the event that we or our service providers are unable to prevent, detect, and remediate the foregoing security threats and vulnerabilities in a timely manner, our operations could be disrupted or we could incur financial, legal or reputational losses arising from misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems and networks, including personal information of our employees and our customers. In addition, outside parties may attempt to fraudulently induce our employees or employees of our vendors to disclose sensitive information in order to gain access to our data. The number and complexity of these threats continue to increase over time. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls, and processes require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

We rely on third-party service providers to provide financing, as well as value-added products to our customers, and we cannot control the quality or fulfillment of these products.

We rely on third-party lenders to finance our customers' vehicle purchases. We also offer value-added products to our customers through third-party service providers, including extended warranty

contracts, GAP protection and wheel and tire coverage. Because we utilize third-party service providers, we cannot control all of the factors that might affect the quality and fulfillment of these services and products, including (i) lack of day-to-day control over the activities of third-party service providers, (ii) that such service providers may not fulfill their obligations to us or our customers or may otherwise fail to meet expectations and (iii) that such service providers may terminate their arrangements with us on limited or no notice or may change the terms of these arrangements in a manner unfavorable to us for reasons outside of our control. Such providers also are subject to state and federal regulations and any failure by such third-party service providers to comply with applicable legal requirements could cause us financial or reputational harm.

Our revenues and results of operations are partially dependent on the actions of these third parties. If one or more of these third-party service providers cease to provide these services or products to our customers, tighten their credit standards or otherwise provide services to fewer customers or are no longer able to provide them on competitive terms, it could have a material adverse effect on our business, revenues and results of operations. If we were unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could also have a material adverse effect on our business, revenues and results of operations. In addition, disagreements with such third-party service providers could require or result in costly and time-consuming litigation or arbitration.

Moreover, we receive fees from these third-party service providers in connection with finance, service and protection products purchased by our customers. A portion of the fees we receive on such products is subject to chargebacks in the event of early termination, default or prepayment of the contracts by end-customers, which could adversely affect our business, revenues and results of operations.

If the quality of our customer experience, our reputation or our brand were negatively affected, our business, sales and results of operations could be materially and adversely affected.

Our business model is primarily based on our ability to enable consumers to buy and sell used vehicles through our ecommerce platform in a seamless, transparent and hassle-free transaction. If consumers fail to perceive us as a trusted brand with a strong reputation and high standards, or if an event occurs that damages our reputation, it could adversely affect customer demand and have a material adverse effect on our business, revenues and results of operations. Even the perception of a decrease in the quality of our customer experience or brand could impact results. Our high rate of growth makes maintaining the quality of our customer experience more difficult.

Complaints or negative publicity about our business practices, marketing and advertising campaigns, vehicle quality, compliance with applicable laws and regulations, data privacy and security or other aspects of our business, especially on blogs and social media websites, could diminish consumer confidence in our platform and adversely affect our brand, irrespective of their validity. The growing use of social media increases the speed with which information and opinions can be shared and thus the speed with which our reputation can be damaged. If we fail to correct or mitigate misinformation or negative information about us, our platform, our vehicle inventory, our customer experience, our brand or any aspect of our business, including information spread through social media or traditional media channels, it could materially and adversely affect our business, financial condition and results of operations.

Our business is sensitive to changes in the prices of new and used vehicles.

Any significant changes in retail prices for new or used vehicles could have a material adverse effect on our business, financial condition and results of operations. For example, if retail prices for

used vehicles rise relative to retail prices for new vehicles, it could make buying a new vehicle more attractive to our customers than buying a used vehicle, which could have a material adverse effect on our business, financial condition and results of operations and could result in reduced vehicle sales and lower revenue. Additionally, manufacturer incentives, including financing, could contribute to narrowing the price gap between new and used vehicles.

Used vehicle prices also may decline due to an increased number of new vehicle lease returns over the next several years. In addition, rental car company bankruptcies may cause a broader disruption in the used vehicle market and adversely impact used vehicle prices. While lower used vehicle prices reduce our cost of acquiring new inventory, lower prices could also lead to reductions in the value of inventory we currently hold, which could have a negative impact on gross profit. Moreover, any significant changes in retail prices due to scarcity or competition for used vehicles could impact our ability to source desirable inventory for our customers, which could have a material adverse effect on our results of operations and could result in fewer used-car sales and lower revenue. Furthermore, any significant changes in wholesale prices for used vehicles could have a negative impact on our results of operations by reducing wholesale margins.

Our business and inventory is dependent on our ability to correctly appraise and price vehicles we buy and sell.

When purchasing a vehicle from us, our customers sometimes trade in their current vehicle and apply the trade-in value towards their purchase. We also acquire vehicles from consumers independent of any purchase of a vehicle from us. We appraise and price vehicles we buy and sell using data science and proprietary algorithms based on a number of factors, including mechanical soundness, consumer desirability, vehicle history, market prices and relative value as prospective inventory. If we are unable to correctly appraise and price both the vehicles we buy and the vehicles we sell, we may be unable to acquire or sell inventory at attractive prices or to manage inventory effectively, and accordingly our revenue, gross margins and results of operations would be affected, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent upon access to desirable vehicle inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition or other factors, may have a material adverse effect on our business, financial condition and results of operations.

We acquire vehicles for sale from auctions, consumers, rental car companies and dealers. There can be no assurance that the supply of desirable used vehicles will be sufficient to meet our needs. In addition, we purchase a significant amount of our inventory from one third-party auction source, which accounted for approximately 20% of our inventory sourcing in 2019. If this third party is unable to fulfill our inventory needs or if we are unable to source desirable used vehicles from alternative third-party providers, we may lack sufficient inventory and, as a result, may lose potential and existing customers and related revenues. Moreover, we sell vehicles acquired from customers that do not meet our retail standards to auctions, which may result in lower revenues and also could lead to reductions in our available inventory.

Additionally, we appraise thousands of consumer vehicles daily and evaluate potential purchases based on mechanical soundness, consumer desirability and relative value in relation to retail inventory or wholesale disposition. If we fail to adjust appraisal offers to stay in line with broader market trade-in offer trends or fail to recognize those trends, it could adversely affect our ability to acquire inventory. Our ability to source vehicles through our appraisal process also could be affected by competition, both from new and used vehicle dealers directly and through third-party websites driving appraisal traffic to those dealers. In addition, we remain dependent on third parties to sell us used vehicles, and there can be no assurance of an adequate supply of desirable vehicles on terms that are attractive to us. A

reduction in the availability of or access to sources of inventory for any reason could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent upon our ability to expeditiously sell inventory. Failure to expeditiously sell our inventory could have a material adverse effect on our business, financial condition and results of operations.

Sourcing of our used vehicle inventory is based in large part on projected demand. If actual sales are materially less than our forecasts, we would experience an over-supply of used vehicle inventory. An over-supply of used vehicle inventory will generally cause downward pressure on our vehicle sales prices and margins and decrease inventory sales velocity. Vehicles depreciate rapidly, so a failure to expeditiously sell our inventory or to efficiently recondition and deliver vehicles to customers could hurt our gross profit per unit and materially and adversely affect our business, financial condition and results of operations. Historically, the rate at which customers return vehicles has been relatively low. In 2019 and the first quarter of 2020, we had approximately 4.8% and 5.8%, respectively, in total vehicle returns and approximately 3.7% and 4.5%, respectively, in vehicle returns net of vehicle swaps. However, there is no assurance these rates will remain similar to our historical levels. If we have higher than expected return rates, such inventory would continue to depreciate in value and our revenue, business, financial condition and results of operations could be materially and adversely affected.

Used vehicle inventory has typically represented a significant portion of our total assets. Having such a large portion of our total assets in the form of used vehicle inventory for an extended period of time subjects us to write-downs and other risks that affect our results of operations. Accordingly, if we have excess inventory, if we are unable to ship and deliver vehicles efficiently or if our inventory sales velocity decreases, we may be unable to liquidate such inventory at prices that would allow us to meet unit economics targets or to recover our costs, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to expand value-added product offerings and introduce additional products and services may be limited, which could have a material adverse effect on our business, financial condition and results of operations.

Currently, our third-party value-added products consist of finance and protection products, which includes third-party financing of customers' vehicle purchases, as well as other value-added products, such as extended warranty contracts, GAP protection and wheel and tire coverage. If we introduce new value-added products or expand existing offerings on our platform, such as insurance referral services, music services and vehicle diagnostic and tracking services, we may incur losses or otherwise fail to enter these markets successfully. Our expansion into these markets may place us in competitive and regulatory environments with which we are unfamiliar and involve various risks, including the need to invest significant resources to familiarize ourselves with such frameworks and the possibility that returns on such investments may not be achieved for several years, if at all. In attempting to establish new offerings, we expect to incur significant expenses and face various other challenges, such as expanding our customer experience team and management personnel to cover these markets and complying with complicated regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these value-added products to customers, and failure to do so would compromise our ability to successfully expand into these additional revenue streams. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with federal, state and local laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, as well as our actual or perceived failure to protect such information could harm our reputation and could adversely affect our business, financial condition and results of operations.

We collect, store, process and use personal information and other customer data, and we rely in part on third parties that are not directly under our control, including our third-party customer experience team, to manage certain of these operations. For example, we rely on encryption, storage and processing technology developed by third parties to securely transmit, operate on and store such information. Due to the volume and sensitivity of the personal information and data we and these third parties manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. We expend significant resources to protect against security breaches and may need to expend more resources in the event we need to address problems caused by potential breaches. Any failure or perceived failure to maintain the security of personal and other data that is provided to us by customers and vendors could harm our reputation and brand and expose us to a risk of loss or litigation and possible liability, any of which could adversely affect our business, financial condition and results of operations. Additionally, concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could harm our business, financial condition and results of operations. We have in the past experienced security vulnerabilities, though such vulnerabilities have not had a material impact on our operations. While we have implemented security procedures and virus protection software, intrusion prevention systems, access control and emergency recovery processes to mitigate such risks like these with respect to information systems that are under our control, they are not fail-safe and may be subject to breaches. Further, we cannot ensure that third parties upon whom we rely for various services will maintain sufficient vigilance and controls over their systems. Our inability to use or access those information systems at critical points in time, or unauthorized releases of personal or confidential information, could unfavorably impact the timely and efficient operation of our business, including our results of operations, and our reputation, as well as our relationships with our employees or other individuals whose information may have been affected by such cybersecurity incidents.

There are numerous federal, state and local laws regarding privacy and the collection, processing, storing, sharing, disclosing, using and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with, inconsistent between jurisdictions or conflicting with other rules. We are also subject to specific contractual requirements contained in third-party agreements governing our use and protection of personal information and other data. We generally comply with industry standards and are subject to the terms of our privacy policies and the privacy- and security-related obligations to third parties. We strive to comply with applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Additionally, new regulations could be enacted with which we are not familiar. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to customers or other third parties, or our privacy-related legal obligations or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause customers, vendors and receivable purchasers to lose trust in us, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put customers', vendors' or receivables-

purchasers' information at risk and could in turn harm our business, financial condition and results of operations.

We expect that new industry standards, laws and regulations will continue to be proposed regarding privacy, data protection and information security in many jurisdictions, including the California Consumer Privacy Act (the "CCPA"), which went into effect on January 1, 2020. We cannot yet determine the impact of the CCPA or such future laws, regulations and standards may have on our business. Complying with these evolving obligations is costly. For instance, expanding definitions and interpretations of what constitutes "personal data" (or the equivalent) within the United States may increase our compliance costs and legal liability.

A significant data breach or any failure, or perceived failure, by us to comply with any federal, state or local privacy or consumer protection-related laws, regulations or other principles or orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities or others or other penalties or liabilities or require us to change our operations and/or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident.

We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our business is and will continue to be subject to extensive U.S. federal, state and local laws and regulations. The advertising, sale, purchase, financing and transportation of used vehicles are regulated by every state in which we operate and by the U.S. federal government. We also are subject to state laws related to titling and registration and wholesale vehicle sales, and our sale of value-added products is subject to state licensing requirements, as well as federal and state consumer protection laws. These laws can vary significantly from state to state. In addition, we are subject to regulations and laws specifically governing the internet and ecommerce and the collection, storage and use of personal information and other customer data. We are also subject to federal and state consumer protection laws, including the Equal Credit Opportunity Act and prohibitions against unfair or deceptive acts or practices. The federal governmental agencies that regulate our business and have the authority to enforce such regulations and laws against us include the U.S. Federal Trade Commission (the "FTC"), the U.S. Department of Transportation, the U.S. Occupational Health and Safety Administration, the U.S. Department of Justice and the U.S. Federal Communications Commission. For example, the FTC has jurisdiction to investigate and enforce our compliance with certain consumer protection laws and has brought enforcement actions against auto dealers relating to a broad range of practices, including the sale and financing of value-added or add-on products. Additionally, we are subject to regulation by individual state dealer licensing authorities, state consumer protection agencies and state financial regulatory agencies. We also are subject to audit by such state regulatory authorities.

State dealer licensing authorities regulate the purchase and sale of used vehicles by dealers within their respective states. The applicability of these regulatory and legal compliance obligations to our ecommerce business is dependent on evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them. We are licensed as a dealer in the State of Texas and all of our vehicle transactions are conducted under our Texas license. We believe that our activities in other states are not subject to their vehicle dealer licensing laws. State regulators in such states could, however, seek to require us to maintain a used vehicle dealer license in order to engage in activities in that state.

Most states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees or maximum amounts financed. In addition, certain states require that retail installment sellers file a notice of intent or have a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. We have obtained a motor vehicle sales finance license in Texas, which is the state in which our vehicle sale transactions are conducted under our Texas dealer license. The financial regulatory agency in Pennsylvania determined that we need to obtain an installment seller license in order to enter into retail installment sales with residents of Pennsylvania, and, as a result, we currently do not offer third-party financing to our customers in Pennsylvania. Accordingly, our customers located in Pennsylvania must obtain independent financing to the extent needed to fund any vehicle purchases on our platform.

Any failure to renew or maintain any of the foregoing licenses would materially and adversely affect our business, financial condition and results of operations. Many aspects of our business are subject to regulatory regimes at the state and local level, and we may not have all licenses required to conduct business in every jurisdiction in which we operate. Despite our belief that we are not subject to certain licensing requirements of those state and local jurisdictions, regulators may seek to impose punitive fines for operating without a license or demand we seek a license in those state and local jurisdictions, any of which may inhibit our ability to do business in those state and local jurisdictions, increase our operating expenses and adversely affect our business, financial condition and results of operations.

In addition to these laws and regulations that apply specifically to the sale and financing of used vehicles, our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We also are subject to laws and regulations involving taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality.

After the completion of this offering, we will also be subject to laws and regulations affecting public companies, including securities laws and exchange listing rules. The violation of any of these laws or regulations could result in administrative, civil or criminal penalties or in a cease-and-desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change.

We may require additional debt and equity capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If such capital is not available to us, our business, financial condition and results of operations may be materially and adversely affected.

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to increase our marketing expenditures to improve our brand awareness, build and maintain our inventory of used vehicles, develop new products or services or further improve existing products and services, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds

may not be available when we need them, on terms that are acceptable to us, or at all. Moreover, any debt financing that we secure in the future could involve restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, we may be forced to obtain financing on undesirable terms or our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with the Telephone Consumer Protection Act, we may face significant damages, which could harm our business, financial condition and results of operations.

We utilize telephone calls as a means of responding to and marketing to customers interested in purchasing, trading in and/or selling vehicles and value-added products, and intend to implement the use of texting as a means of communication with our customers. We generate leads from our website and online advertising by prompting potential customers to provide their phone numbers so that we can contact them in response to their interest in selling a vehicle, purchasing a vehicle, trading in a vehicle or obtaining financing terms. We currently engage a third-party customer experience center to facilitate substantially all inquiries, sales, purchases and financings of our vehicles through our platform.

The Telephone Consumer Protection Act (the “TCPA”), as interpreted and implemented by the Federal Communication Commission (the “FCC”) and U.S. courts, imposes significant restrictions on the use of telephone calls to residential and mobile telephone numbers as a means of communication when prior consent of the person being contacted has not been obtained. Currently, our third-party customer experience center utilizes automated telephone dialing systems to dial phone numbers of potential customers who have requested that we contact them by providing their phone number to us through our website and through third-party aggregation websites. Our telephone marketing activities, such as these, must comply with the TCPA, the Telephone Sales Rule (the “TSR”) and the FCC’s declaratory ruling issued on July 10, 2015 (the “July Declaratory Ruling”). The TCPA prohibits the use of automatic telephone dialing systems for communications with wireless phone numbers without express consent of the consumer, and the TSR established the Do Not Call Registry. Based on a recent decision from the United States Court of Appeals for the District of Columbia, issued on March 16, 2018 (the “ACA Ruling”) much of the July Declaratory Ruling has been vacated. Although it is possible that decisions of other appellate courts could further change the standards of conduct applicable to the use of automated telephone dialing systems, at present obtaining appropriate consent for auto-dialed calls and properly managing revocations of consent comply with the standard of conduct announced in the ACA Ruling. Violations of the TCPA may be enforced by the FCC or by individuals through litigation, including class actions. Statutory penalties for TCPA violations range from $500 to $1,500 per violation, which has been interpreted to mean per phone call.

In September 2016, an individual brought a putative class action against us under the TCPA alleging we violated the TCPA by sending him a single text message expressing interest in purchasing a vehicle he listed for sale online. The court granted summary judgment in our favor and, following the plaintiff’s appeal, the parties resolved the lawsuit. While we have implemented processes and procedures to comply with the TCPA, if we or the third parties on which we rely for data fail to adhere to or successfully implement appropriate processes and procedures in response to existing or future regulations, it could result in legal and monetary liability, fines, penalties or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition

and results of operations. Additionally, any changes to the TCPA, its interpretation, or enforcement of it by the government or private parties that further restrict the way we contact and communicate with our potential customers or generate leads could adversely affect our ability to attract customers and could harm our business, financial condition and results of operations.

Government regulation of the internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations.

We are subject to general business regulations and laws, as well as regulations and laws specifically governing the internet and ecommerce. Existing and future regulations and laws could impede the growth of the internet, ecommerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the internet as the vast majority of these laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet or ecommerce. It is possible that general business regulations and laws, or those specifically governing the internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one market segment to another and may conflict with other rules or our practices. For example, federal, state and local regulation regarding privacy, data protection and information security has become more significant, and proposed regulations such as the CCPA may increase our costs of compliance. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, decreased revenues and increased expenses.

We actively use anonymous online data for targeting ads online and if ad networks are compelled by regulatory bodies to limit use of this data, it could materially affect our ability to do effective performance modeling. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by customers and suppliers and result in the imposition of monetary liability. We also may be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. Adverse legal or regulatory developments could substantially harm our business, our ability to attract new customers may be adversely affected, and we may not be able to maintain or grow our revenue and expand our business as anticipated.

We are subject to risks related to online payment methods.

We accept payments for deposits on our vehicles through a variety of methods, including credit card and debit card. As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements and fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. As our business changes, we also may be subject to different rules under existing standards, which may

require new assessments that involve costs above what we currently pay for compliance. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from customers or facilitate other types of online payments. If any of these events were to occur, our business, financial condition and results of operations could be materially adversely affected.

We occasionally receive orders placed with fraudulent credit card data, including stolen credit card numbers, or from clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payment obligations. We may suffer losses as a result of orders placed with fraudulent credit card data even if the associated financial institution approved payment of the orders. Under current credit card practices, we may be liable for fraudulent credit card transactions. If we are unable to detect or control credit card or other fraud, our liability for these transactions could harm our business, financial condition and results of operations.

If we do not adequately address our customers' reliance on mobile device technology, our results of operations could be harmed and our growth could be negatively affected.

Vroom.com is a mobile website that consumers can access and utilize from their mobile devices. In addition, we have designed and launched mobile apps (iOS and android) to enhance customers' mobile experience. In light of consumers' shift to mobile technology, our future success depends in part on our ability to provide enhanced functionality for customers who use mobile devices to shop for used vehicles and increase the number of transactions with us that are completed by those users. In the year ended December 31, 2018, approximately 62% of unique visitors to our website were attributable to mobile devices and in the year ended December 31, 2019, this figure grew to approximately 68%. The shift to mobile technology by our users may harm our business in the following ways:

- customers visiting our website from a mobile device may not accept mobile technology as a viable long-term platform to buy or sell a vehicle. This may occur for a number of reasons, including our ability to provide the same level of website functionality to a mobile device that we provide on a desktop computer, the actual or perceived lack of security of information on a mobile device and possible disruptions of service or connectivity;
- we may be unable to provide sufficient website functionality to mobile device users, which may cause customers using mobile devices to believe that our competitors offer superior products and features;
- problems may arise in developing applications for alternative devices and platforms and the need to devote significant resources to the creation, support and maintenance of such applications; or
- regulations related to consumer finance disclosures, including the Truth in Lending Act and the Fair Credit Reporting Act, may be interpreted, in the context of mobile devices, in a manner which could expose us to legal liability in the event we are found to have violated applicable laws.

If we do not develop suitable functionality for users who visit our website using a mobile device, our business, financial condition and results of operations could be harmed.

Our future growth and profitability relies heavily on the effectiveness and efficiency of our marketing and branding efforts, and these efforts may not be successful.

Because we are a consumer brand, we rely heavily on marketing and advertising to increase brand visibility and attract potential customers. Advertising expenditures are and will continue to be a

significant component of our operating expenses, and there can be no assurance that we will achieve a meaningful ROI on such expenditures. We continue to evolve our marketing strategies, adjusting our messages, the amount we spend on advertising and where we spend it, and no assurance can be given that we will be successful in developing effective messages and in achieving efficiency in our marketing and advertising expenditures. As a result, our future growth and profitability will depend in part on:

- the effectiveness of our national television advertising campaigns;
- the effectiveness of our performance-based digital marketing efforts;
- the effectiveness and efficiency of our online advertising and search marketing programs in generating consumer awareness of, and sales on, our platform;
- our ability to prevent confusion among customers that can result from search engines that allow competitors to use or bid on our trademarks to direct customers to competitors' websites;
- our ability to prevent internet publication of false or misleading information regarding our platform or our competitors' offerings; and
- the effectiveness of our direct-to-consumer advertising to reduce our dependency on third-party aggregation websites.

We currently advertise through a blend of brand and direct advertising channels with the goal of increasing the strength, recognition and trust in the Vroom brand and driving more unique visitors to our platform. Our marketing strategy includes national television campaigns, which we launched in February 2019, and performance marketing through digital platforms, including both auto-centric lead generation platforms and broader consumer-facing platforms. We also strategically use targeted radio campaigns and billboards and other local advertising in key markets, and we are expanding our national marketing efforts featuring Sell Us Your Car®. As such, a significant component of our marketing spend involves the use of various marketing techniques, including programmatic ad-buying, interest targeting, retargeting and email nurturing. Future growth and profitability will depend in part on the cost and efficiency of our promotional advertising and marketing programs and related expenditures, including our ability to create greater awareness of our platform and brand name, to appropriately plan for future expenditures and to drive the promotion of our platform.

Additionally, our business model relies on our ability to grow rapidly and to decrease incremental customer acquisition costs as we grow. If we are unable to recover our marketing costs through increases in customer traffic and incremental sales, if our advertising partners refuse to work with us at competitive rates or at all, or if our broad marketing campaigns are not successful or are terminated, our growth may suffer and our business, financial condition and results of operations could be materially and adversely affected.

We rely on internet search engines, vehicle listing sites and social networking sites to help drive traffic to our website, and if we fail to appear prominently in the search results or fail to drive traffic through paid advertising, our traffic would decline and our business, financial condition and results of operations could be materially and adversely affected.

We depend in part on internet search engines, such as Google, Bing and Yahoo!, vehicle listing sites and social networking sites such as Facebook and Instagram to drive traffic to our website. Our ability to maintain and increase the number of visitors directed to our platform is not entirely within our control. Our competitors may increase their search engine marketing efforts and outbid us for placement on various vehicle listing sites or for search terms on various search engines, resulting in their websites receiving a higher search result page ranking than ours. Additionally, internet search engines could revise their methodologies in a way that would adversely affect our search result

rankings. If internet search engines modify their search algorithms in ways that are detrimental to us, if vehicle listing sites refuse to display any or all of our inventory in certain geographic locations, or if our competitors' efforts are more successful than ours, overall growth in our customer base could slow or our customer base could decline. Internet search engine providers could provide automotive dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our platform has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. We could reach a point of inventory saturation at third-party aggregation websites whereby we will exceed the maximum allowable inventory that will require us to spend greater than market rates to list our inventory. Any reduction in the number of users directed to our platform through internet search engines, vehicle listings sites or social networking sites could harm our business, financial condition and results of operations.

Our business relies on email and other messaging services, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications could materially and adversely affect our business, financial condition and results of operations.

Our business is dependent upon email and other messaging services for promoting our platform and vehicles available for purchase. Promotions offered through email and other messages sent by us are an important part of our marketing strategy. We provide emails to customers and other visitors informing them of the convenience and value of using our platform, as well as updates on new inventory and price updates on listed inventory, and we believe these emails, coupled with our general marketing efforts, are an important part of our customer experience and help generate revenue. If we are unable to successfully deliver emails or other messages to our subscribers, or if subscribers decline to open our emails or other messages, our revenues could be materially and adversely affected. Any changes in how webmail applications organize and prioritize email may reduce the number of subscribers opening our emails. For example, Google's Gmail service has a feature that organizes incoming emails into categories (such as primary, social and promotions). Such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a subscriber's inbox or viewed as "spam" by our subscribers and may reduce the likelihood of that subscriber opening our emails.

In addition, actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver email or other messages to third parties. Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also materially and adversely affect our business, financial condition and results of operations. Our use of email and other messaging services to send communications about our sites or other matters may also result in legal claims against us, which may cause us to incur increased expenses, and if successful might result in fines and orders with costly reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. We also rely on social networking messaging services to send communications and to encourage customers to send communications. Changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or our customers' ability to send communications through their services, disruptions or downtime experienced by these social networking services or decline in the use of or engagement with social networking services by customers and potential customers could materially and adversely affect our business, financial condition and results of operations.

We may experience seasonal and other fluctuations in our quarterly results of operations, which may not fully reflect the underlying performance of our business.

We expect our quarterly results of operations, including our revenue, gross profit and cash flow to vary significantly in the future based in part on, among other things, vehicle-buying patterns. Vehicle sales generally exhibit seasonality with an increase in sales early in the year that reaches its highest point late in the first quarter and early in the second quarter, which then levels off through the rest of the year with the lowest level of sales in the fourth quarter. This seasonality historically corresponds with the timing of income tax refunds, which can provide a primary source of funds for customers' payments on used vehicle purchases. Used vehicle prices also exhibit seasonality, with used vehicles depreciating at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year.

Other factors that may cause our quarterly results to fluctuate include, without limitation:

- our ability to attract new customers;
- our ability to generate sales of value-added products;
- changes in the competitive dynamics of our industry;
- the regulatory environment;
- expenses associated with unforeseen quality issues;
- macroeconomic conditions;
- our ability to maintain sufficient inventory of desirable vehicles;
- seasonality of the automotive industry and third-party aggregation websites on which we rely;
- changes that impact disposable income, including changes that impact the timing or amount of income tax refunds; and
- litigation or other claims against us.

In addition, a significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. As a result of these seasonal fluctuations, our results in any quarter may not be indicative of the results we may achieve in any subsequent quarter or for the full year, and period-to-period comparisons of our results of operations may not be meaningful.

We participate in a highly competitive industry, and pressure from existing and new companies may adversely affect our business and results of operations.

Our current and future competitors may include:

- traditional new and used car dealerships;
- large, national car dealers, such as CarMax and AutoNation, which are expanding into online sales, including "omni-channel" offerings;
- used car dealers or marketplaces that currently have existing ecommerce businesses or online platforms, such as Carvana;
- the peer-to-peer market, utilizing sites such as Facebook, Craigslist.com, eBay Motors and Nextdoor.com; and
- sales by rental car companies directly to consumers of used vehicles which were previously utilized in rental fleets, such as Hertz Car Sales and Enterprise Car Sales.

Internet and online automotive sites could change their models to directly compete with us, such as Google, Amazon, AutoTrader.com, Edmunds.com, KBB.com, Autobytel.com, TrueCar.com, CarGurus and Cars.com. In addition, automobile manufacturers such as General Motors, Ford and Volkswagen could change their sales models to better compete with our model through technology and infrastructure investments. While such enterprises may change their business models and endeavor to compete with us, the purchase and sale of used vehicles through ecommerce presents unique challenges.

Our competitors also compete in the online market through companies that provide listings, information, lead generation and car buying services designed to reach customers and enable dealers to reach these customers and providers of offline, membership-based car buying services such as the Costco Auto Program.

We also expect that new competitors will continue to enter the traditional and ecommerce automotive retail industry with competing brands, business models and products and services, which could have an adverse effect on our revenue, business and financial results. For example, traditional car dealers could transition their selling efforts to the internet, allowing them to sell vehicles across state lines and compete directly with our online offering and no-negotiating pricing model.

Our current and potential competitors may have significantly greater financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion and support of their businesses, platforms, and related products and services. Additionally, they may have more extensive automotive industry relationships, longer operating histories and greater name recognition than we have. As a result, these competitors may be able to respond more quickly to consumer needs with new technologies and to undertake more extensive marketing or promotional campaigns. If we are unable to compete with these companies, the demand for our used vehicles and value-added products could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business, financial condition and results of operations. Furthermore, if our competitors develop business models, products or services with similar or superior functionality to our platform, it may adversely affect our business. Additionally, our competitors could use their political influence and increase lobbying efforts to encourage new regulations or interpretations of existing regulations that would prevent us from operating in certain markets.

Changes in the auto industry may threaten our business model if we are unable to adapt.

The market for used vehicles may be impacted by the significant, and likely accelerating, changes to the broader automotive industry, which may render our existing or future business model or our ability to sell vehicles, products and services less competitive, unmarketable or obsolete. For example, technology is currently being developed to produce automated, driverless vehicles that could reduce the demand for, or replace, traditional vehicles, including the used vehicles that we acquire and sell. Additionally, ride-hailing and ride-sharing services are becoming increasingly popular as a means of transportation and may decrease consumer demand for the used vehicles we sell, particularly as urbanization increases. Furthermore, new technologies such as autonomous driving software have the potential to change the dynamics of car ownership in the future. If we are unable to or otherwise fail to successfully adapt to such industry changes, our business, financial condition and results of operations could be materially and adversely affected.

Prospective purchasers of vehicles may choose not to shop online, which would prevent us from growing our business.

Our success will depend, in part, on our ability to attract additional customers who have historically purchased vehicles through traditional dealers. The online market for vehicles is significantly less developed than the online market for other goods and services such as books, music, travel and other consumer products. If this market does not gain widespread acceptance, our business may suffer. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures or offer more incentives than we currently anticipate in order to attract additional consumers to our platform and convert them into purchasing customers. Specific factors that could prevent consumers from purchasing vehicles through our ecommerce platform include:

- concerns about buying vehicles without face-to-face interaction with sales personnel and the ability to physically test-drive and examine vehicles;
- preference for a more personal experience when purchasing vehicles;
- insufficient level of desirable inventory;
- pricing that does not meet consumer expectations;
- delayed deliveries;
- inconvenience with returning or exchanging vehicles purchased online;
- concerns about the security of online transactions and the privacy of personal information; and
- usability, functionality and features of our platform.

If the online market for vehicles does not continue to develop and grow, our business will not grow and our business, financial condition and results of operations could be materially and adversely affected.

General business and economic conditions, and risks related to the larger automotive ecosystem, including consumer demand, could reduce our sales and profitability, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is affected by general business and economic conditions. The global economy often experiences periods of instability, and this volatility may result in reduced demand for our vehicles and value-added products, reduced spending on vehicles, inability of customers to obtain credit to finance purchases of vehicles and decreased consumer confidence to make discretionary purchases. Consumer purchases of new and used vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected.

Purchases of new and used vehicles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy and other factors, including rising interest rates, the cost of energy and gasoline, the availability and cost of consumer credit, reductions in consumer confidence and fears of recession, stock market volatility, increased regulation and increased unemployment. Increased environmental regulation has made, and may in the future make, used vehicles more expensive and less desirable for consumers.

In addition, changing trends in consumer tastes, negative business and economic conditions and market volatility may make it difficult for us to accurately forecast vehicle demand trends, which could cause us to increase our inventory carrying costs and could materially and adversely affect our business, financial condition and results of operations.

Our business is sensitive to conditions affecting automotive manufacturers, including manufacturer recalls.

Adverse conditions affecting one or more automotive manufacturers could have a material adverse effect on our business, financial condition and results of operations and could impact our supply of used vehicles. In addition, manufacturer recalls are a common occurrence that have accelerated in frequency and scope in recent years. In the instance of an open recall, we may have to temporarily remove vehicles from inventory and may be unable to liquidate such inventory in a timely manner or at all. Because we do not have manufacturer authorization to complete recall-related repairs, some vehicles we sell may have unrepaired safety recalls. Such recalls, and our lack of authorization to make recall-related repairs or potential unavailability of parts needed to make such repairs, could (i) adversely affect used vehicle sales or valuations, (ii) cause us to temporarily remove vehicles from inventory, (iii) cause us to sell any affected vehicles at a loss, (iv) force us to incur increased costs and (v) expose us to litigation and adverse publicity related to the sale of recalled vehicles, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to the risk of natural disasters, adverse weather events and other catastrophic events, and to interruption by manmade problems such as terrorism.

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, global pandemics, human errors and similar events. The third-party systems and operations on which we rely are subject to similar risks. For example, a significant natural disaster, such as an earthquake, fire or flood, could have an adverse effect on our business, financial condition and operating results, and our insurance coverage may be insufficient to compensate us for losses that may occur. Acts of terrorism could also cause disruptions in our businesses, consumer demand or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as if a natural disaster affects locations that store a significant amount of our inventory vehicles. As we rely heavily on our computer and communications systems and the internet to conduct our business and provide high-quality customer service, any disruptions could negatively affect our ability to run our business, which could have an adverse effect on our business, financial condition, and operating results.

Our insurance may not provide adequate levels of coverage against claims.

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. For example, insurance we maintain against liability claims may not continue to be available on terms acceptable to us and such coverage may not be adequate to cover the types of liabilities actually incurred. A successful claim brought against us, if not fully covered by available insurance coverage, could materially and adversely affect our business, financial condition and results of operations.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our results of operations.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers and other constituents within the automotive industry, as well as competitive pressures. Although we have no plans to do so currently, in some circumstances, we may determine to grow our business through the acquisition of complementary businesses and technologies rather than through

internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research and development and sales and marketing functions;
- transition of the acquired company's users to our platform;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, policies and procedures at a business that, prior to the acquisition, may have lacked effective controls, policies and procedures;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect our results of operations;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and otherwise harm our business. Future acquisitions also could result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our key employees or senior management, including our Chief Executive Officer, Paul J. Hennessy, could materially and adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We may not be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business, financial condition and results of operations could be materially and adversely affected.

We rely on third-party technology and information systems to complete critical business functions. If that technology fails to adequately serve our needs, and we cannot find alternatives, it may negatively impact our business, financial condition and results of operations.

We rely on third-party technology for certain of our critical business functions, including customer identity verification for financing, transportation fleet telemetry, network infrastructure for hosting our website and inventory data, software libraries, development environments and tools, services to allow customers to digitally sign contracts and customer experience center management. Our business is dependent on the integrity, security and efficient operation of these systems and technologies. Our systems and operations or those of our third-party vendors and partners could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The failure of these systems to perform as designed, the failure to maintain or update these systems as necessary, the vulnerability of these systems to security breaches or attacks or the inability to enhance our information technology capabilities, and our inability to find suitable alternatives could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Our platform utilizes open-source software, and any defects or security vulnerabilities in the open-source software could negatively affect our business.

Our platform employs open-source software, and we expect to use open-source software in the future. To the extent that our platform depends upon the successful operation of open-source software, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our platform, delay the introduction of new solutions, result in a failure of our platform and injure our reputation. For example, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches.

In addition, the terms of various open-source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our platform. Some open-source licenses might require us to make our source code available at no cost or require us to make our source code publicly available for modifications or derivative works if our source code is based upon, incorporates, or was created using the open-source software to license such source code under the terms of the particular open-source license. While we try to insulate our proprietary code from the effects of such open-source license provisions, we cannot guarantee we will be successful. In addition to risks related to open-source license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open-source software cannot be eliminated and could materially and adversely affect our business, financial condition and results of operations.

Failure to adequately protect our intellectual property, technology and confidential information could harm our business, financial condition and results of operations.

The protection of intellectual property, technology and confidential information is crucial to the success of our business. We rely on a combination of trademark, trade secret and copyright law, as well as contractual restrictions, to protect our intellectual property (including our brand, technology and confidential information). While it is our policy to protect and defend our rights to our intellectual property, we cannot predict whether steps taken by us to protect our intellectual property will be

adequate to prevent infringement, misappropriation, dilution or other violations of our intellectual property rights. We also cannot guarantee that others will not independently develop technology that has the same or similar functionality as our technology. Unauthorized parties may also attempt to copy or obtain and use our technology to develop competing solutions, and policing unauthorized use of our technology and intellectual property rights may be difficult and may not be effective. Furthermore, we may face claims of infringement of third-party intellectual property that could interfere with our ability to market, promote and sell our brands, products and services. Any litigation to enforce our intellectual property rights or defend ourselves against claims of infringement of third-party intellectual property rights could be costly, divert attention of management and may not ultimately be resolved in our favor. Moreover, if we are unable to successfully defend against claims that we have infringed the intellectual property rights of others, we may be prevented from using certain intellectual property and may be liable for damages, which in turn could materially adversely affect our business, financial condition or results of operations.

As part of our efforts to protect our intellectual property, technology and confidential information, we require certain of our employees and consultants to enter into confidentiality and assignment of inventions agreements, and we also require certain third parties to enter into nondisclosure agreements. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by our employees and consultants. In addition, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software and functionality or obtain and use information that we consider proprietary. Changes in the law or adverse court rulings may also negatively affect our ability to prevent others from using our technology.

We are currently the registrant of the vroom.com and texasdirectauto.com internet domain names and various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain domain names that are important for our business.

In addition, we have certain trademarks that are important to our business, such as the Vroom® and Sell Us Your Car® trademarks. If we fail to adequately protect or enforce our rights under these trademarks, we may lose the ability to use those trademarks or to prevent others from using them, which could adversely harm our reputation and our business, financial condition and results of operations. While we are actively seeking, and have secured registration of several of our trademarks in the U.S. and other jurisdictions, it is possible that others may assert senior rights to similar trademarks, in the U.S. and internationally, and seek to prevent our use and registration of our trademarks in certain jurisdictions. Our pending trademark or service mark applications may not result in such marks being registered.

While software can be protected under copyright law, we have chosen not to register any copyrights in these works, and instead, primarily rely on trade secret law to protect our proprietary software. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to us for unauthorized use of our software may be limited. Our trade secrets, know-how and other proprietary materials may be revealed to the public or our competitors or independently developed by our competitors and no longer provide protection for the related intellectual property. Furthermore, our trade secrets, know-how and other proprietary materials may be revealed to the public or our competitors or independently developed by our competitors and no longer provide protection for the related intellectual property.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the creation or development of intellectual property on our behalf to execute agreements assigning such intellectual property to us, we may be unsuccessful in having all such employees and contractors execute such an agreement. The assignment of intellectual property may not be self-executing or the assignment agreement may be breached, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property.

A significant disruption in service on our platform could damage our reputation and result in a loss of customers, which could harm our brand or our business, financial condition and results of operations.

Our brand, reputation and ability to attract customers depend on the reliable performance of our platform and the supporting systems, technology and infrastructure. We may experience significant interruptions to our systems in the future. Interruptions in these systems, whether due to system failures, programming or configuration errors, computer viruses or physical or electronic break-ins, could affect the availability of our inventory on our platform and prevent or inhibit the ability of customers to access our platform. Problems with the reliability or security of our systems could harm our reputation, result in a loss of customers and result in additional costs.

Our data center is located at a facility in Houston, Texas, which connects all of our offices and our Vroom VRC. Our data center is vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of these events could render communications between Vroom offices inoperable and impact our ability to list and sell vehicles through our platform.

Problems faced by our third-party web-hosting providers, including AWS and Google Cloud, could inhibit the functionality of our platform. For example, our third-party web-hosting providers could close their facilities without adequate notice or suffer interruptions in service caused by cyber-attacks, natural disasters or other phenomena. Disruption of their services could cause our website to be inoperable and could have a material adverse effect on our business, financial condition and results of operations. Any financial difficulties, up to and including bankruptcy, faced by our third-party web-hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. In addition, if our third-party web-hosting providers are unable to keep up with our growing capacity needs, our business, financial condition and results of operations could be harmed.

Any errors, defects, disruptions, or other performance or reliability problems with our platform could interrupt our customers' access to our inventory and our access to data that drives our inventory

purchase operations, which could harm our reputation or our business, financial condition and results of operations.

We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.

We are subject to various litigation matters from time to time, the outcome of which could have a material adverse effect on our business, financial condition and results of operations. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. See “Business—Legal Proceedings.”

We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability.

As of December 31, 2019 we had U.S. federal net operating loss (“NOL”) carryforwards of $312.8 million, the utilization of which may be limited annually due to certain change in ownership provisions of Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). Our U.S. federal NOL carryforwards will begin to expire in 2034. Please refer to Note 15 to our consolidated financial statements appearing elsewhere in this prospectus for a further discussion of the carryforward of our NOLs. As of December 31, 2019, we maintain a full valuation allowance of $75.0 million for our net deferred tax assets.

An “ownership change” (generally defined as greater than 50-percentage-point cumulative changes in the equity ownership of certain stockholders over a rolling three-year period) under Section 382 of the Code may limit our ability to utilize fully our pre-change NOL carryforwards to reduce our taxable income in periods following the ownership change. In general, an ownership change would limit our ability to utilize U.S. federal NOL carryforwards to an amount equal to the aggregate value of our equity at the time of the ownership change multiplied by a specified tax-exempt interest rate, subject to increase by certain built-in gains. Similar provisions of state tax law may also apply to our state NOL carryforwards. We believe we have undergone an ownership change for purposes of Section 382 of the Code in each of 2013, 2014 and 2015, which substantially limits our ability to use U.S. federal NOL carryforwards generated prior to each such ownership change. In addition, future changes in our stock ownership, some of which may be beyond our control, could result in additional ownership changes under Section 382 of the Code.

We may need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets.

We are required to test goodwill and any other intangible asset with an indefinite life for possible impairment on the same date each year and on an interim basis if there are indicators of a possible impairment. There is significant judgment required in the analysis of a potential impairment of goodwill, identified intangible assets and other long-lived assets. If, as a result of a general economic slowdown or deterioration in one or more of the markets in which we operate or in our financial performance or future outlook, or if the estimated fair value of our long-lived assets decreases, we may determine that one or more of our long-lived assets is impaired. An impairment charge would be determined based on

the estimated fair value of the assets and any such impairment charge could have a material adverse effect on our business, financial condition and results of operations.

Tax matters could impact our results of operations and financial condition.

We are subject to U.S. federal income tax, as well as income tax in certain states. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors including, changes in tax laws, regulations, accounting principles or interpretations thereof, which could materially and adversely impact our cash flows and our business, financial condition and results of operations in future periods. Increases in our effective tax rate could also materially affect our net results. The Tax Cuts and Jobs Act (the "TCJA"), which was enacted in 2017, significantly reformed the Code. The TCJA, among other things, contained significant changes to corporate taxation, including a reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitations on the deduction for NOL carryforwards and the elimination of NOL carrybacks, in each case, for losses generated after December 31, 2017 (though any such NOLs may be carried forward indefinitely), and limitations on deductions for interest expense. The consolidated financial statements contained herein reflect the effects of the TCJA based on current guidance. However, there remain uncertainties and ambiguities in the application of certain provisions of the TCJA, and, as a result, we made certain judgments and assumptions in the interpretation thereof. The U.S. Treasury Department and the Internal Revenue Service (the "IRS"), may issue further guidance on how the provisions of the TCJA will be applied or otherwise administered that differs from our current interpretation. In addition, the TCJA could be subject to potential amendments and technical corrections, any of which could materially lessen or increase certain adverse impacts of the legislation on us. Further, we are subject to the examination of our income and other tax returns by the IRS and state and local tax authorities, which could have an impact on our business, financial condition and results of operations.

Our level of indebtedness could have a material adverse effect on our ability to generate sufficient cash to fulfil our obligations under such indebtedness, to react to changes in our business and to incur additional indebtedness to fund future needs.

As of March 31, 2020, we had outstanding $165.2 million aggregate principal amount of borrowings under our 2020 Vehicle Floorplan Facility (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Vehicle Financing"). Our interest expense was $2.8 million for the quarter ended March 31, 2020.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our current or future debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis or failure to comply with certain restrictions in our debt instruments would result in a default under our debt instruments. In the event of a default under any of our current or future debt instruments, the lenders could elect to declare all amounts outstanding under such debt instruments to be due and payable. Furthermore, our 2020 Vehicle Floorplan Facility, which replaced our prior Vehicle Floorplan Facility, restricts our ability to dispose of assets and/or use the proceeds from the disposition. We may not be able to consummate any such dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

In addition, our indebtedness under our 2020 Vehicle Floorplan Facility bears interest at variable rates. Because we have variable rate debt, fluctuations in interest rates may affect our cash flows or

business, financial condition and results of operations. We may attempt to minimize interest rate risk and lower our overall borrowing costs through the utilization of derivative financial instruments, primarily interest rate swaps.

We currently rely on an agreement with a single lender to finance our vehicle inventory purchases under our 2020 Vehicle Floorplan Facility. If our relationship with this lender were to terminate, and we fail to acquire alternative sources of funding to finance our vehicle inventory purchases, we may be unable to maintain sufficient inventory, which would adversely affect our business, financial condition and results of operations.

We rely on a revolving credit agreement with a single lender to finance our vehicle inventory purchases under our 2020 Vehicle Floorplan Facility. Outstanding borrowings are due as financed vehicles are sold, and the 2020 Vehicle Floorplan Facility is secured by our vehicle inventory and certain other assets. If we are unable to maintain our 2020 Vehicle Floorplan Facility, which expires in March 2021 absent renewal, on favorable terms or at all, or if the agreement is terminated or expires and is not renewed with our existing third-party lender or we are unable to find a satisfactory replacement, our inventory supply may decline, resulting in fewer vehicles available for sale on our website. Moreover, new funding arrangements may be at higher interest rates or subject to other less favorable terms. These financing risks, in addition to potential rising interest rates and changes in market conditions, if realized, could negatively impact our business, financial condition and results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Vehicle Financing.”

Risks Related to this Offering and Ownership of Our Common Stock

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and may not use them effectively.

We currently intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We also may use the net proceeds to potentially acquire or invest in businesses, products, services or technologies; however, we do not have agreements or commitments for any material acquisitions or investments at this time. See “Use of Proceeds.” Our management will have broad discretion in the application of the net proceeds. Our stockholders may not agree with the manner in which our management chooses to allocate the net proceeds from this offering. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operation. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income. The decisions made by our management may not result in positive returns on your investment and you will not have an opportunity to evaluate the economic, financial or other information upon which our management bases its decisions.

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

Prior to this offering, there has not been a public trading market for shares of our common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained, which could make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price of our common stock will be determined by negotiations between us and the representatives of the underwriters based upon a number of factors and may not be indicative of prices that will prevail in the open market following the

consummation of this offering. See “Underwriting.” Consequently, you may not be able to sell our shares of common stock at prices equal to or greater than the price you paid in this offering.

Many factors, some of which are outside our control, may cause the market price of our common stock to fluctuate significantly, including those described elsewhere in this “Risk Factors” section and this prospectus, as well as the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our offerings and platform, including demand in the automotive industry generally and the performance of the third parties through whom we conduct significant parts of our business;
- future announcements concerning our business or our competitors’ businesses;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- the market’s reaction to our reduced disclosure and other requirements as a result of being treated as an “emerging growth company” under the JOBS Act;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation or other claims against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, global pandemics, acts of war and responses to such events.

As a result, volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the initial public offering price or at all. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. As a result, you may suffer a loss on your investment.

We do not intend to pay dividends on our common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability,

industry trends and other factors that our board of directors may deem relevant. Any such decision also will be subject to compliance with contractual restrictions and covenants in the agreements governing our current indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our common stock. As a result, you may have to sell some or all of your common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends could also adversely affect the market price of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock.

The issuance by us of additional shares of common stock or convertible securities may dilute your ownership of us and could adversely affect our stock price.

In connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under the 2020 Plan and 2014 Plan. Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction. From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. The issuance by us of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering, we will have a total of 112,737,090 shares of our common stock outstanding (or 115,549,590 shares if the underwriters exercise their over-allotment option in full).

All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act (“Rule 144”), may be sold only in compliance with the limitations described in “Shares Eligible for Future Sale.” The remaining outstanding shares of common stock held by our existing owners after this offering will be subject to certain restrictions on resale. We, our executive officers, directors and the holders of substantially all of our outstanding stock have signed lock-up agreements with the underwriters that will, subject to certain customary exceptions,

restrict the sale of the shares of our common stock and certain other securities held by them for 180 days following the date of this prospectus. Goldman Sachs & Co. LLC may, in their sole discretion and at any time without notice, release all or any portion of the shares or securities subject to any such lock-up agreements. See “Underwriting” for a description of these lock-up agreements.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of such restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

Upon the expiration of the lock-up agreements described above, all such shares will be eligible for resale in the public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations described in “Shares Eligible for Future Sale.”

Although we ceased to be an “emerging growth company,” we can continue to take advantage of certain reduced disclosure requirements in this registration statement, which may make our common stock less attractive to investors.

We ceased to be an emerging growth company as defined in the JOBS Act on December 31, 2019, because our annual revenue for the fiscal year ended December 31, 2019 exceeded $1.07 billion. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an emerging growth company for certain purposes until the earlier of the date on which we complete this offering and December 31, 2020. As such, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including reduced disclosure obligations regarding the provision of selected financial data and executive compensation arrangements. We cannot predict if investors will find our common stock less attractive because we have relied on these exemptions. If some investors find our common stock less attractive, there may be less demand for our common stock and the price that some investors are willing to pay for our common stock may decrease.

The obligations associated with being a public company require significant resources and management attention, and we have and will continue to incur increased costs as a result of becoming a public company.

After completion of this offering, as a public company, we will face increased legal, accounting, administrative and other costs and expenses that we did not incur as a private company and which have not been reflected in our historical consolidated financial statements included elsewhere in this prospectus. We have already started to incur, and expect to continue to incur, significant costs related to operating as a public company. Upon the completion of this offering, we will be subject to the Exchange Act, the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act, the Wall Street Reform and Consumer Protection Act of 2020 (the “Dodd-Frank Act”), the Public Company Accounting Oversight Board (“PCAOB”) and the rules and standards of the exchange upon which our securities are listed, each of which imposes additional reporting and other obligations on public companies. As a public company, we will be required to, among others:

- prepare, file and distribute annual, quarterly and current reports with respect to our business and financial condition;
- prepare, file and distribute proxy statements and other stockholder communications;
- expand the roles and duties of our Board and committees thereof and management;

- hire additional financial and accounting personnel and other experienced accounting and finance staff with the expertise to address complex accounting matters applicable to public companies;
- institute more comprehensive financial reporting and disclosure compliance procedures;
- involve and retain to a greater degree outside counsel and accountants to assist us with the activities listed above;
- enhance our investor relations function;
- establish new internal policies, including those relating to trading in our securities and disclosure controls and procedures;
- comply with our exchange's listing standards; and
- comply with the Sarbanes-Oxley Act.

These rules and regulations and changes in laws, regulations and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, have and will continue to increase our legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements has and will continue to result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management's attention from implementing our business strategy, which could prevent us from improving our business, financial condition and results of operations. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

We also expect that being a public company and complying with applicable rules and regulations 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.

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

Upon consummation of this offering, we will become a public reporting company subject to the rules and regulations established from time to time by the SEC and Nasdaq. These rules and

regulations will require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel.

In addition, as a public company, we will be required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Section 404(a) of the Sarbanes-Oxley Act ("Section 404(a)") requires that, beginning with our second annual report following our initial public offering, management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Although Section 404(b) requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer treated as an "emerging growth company." We expect our first Section 404(a) assessment will take place for our annual report for the year ending December 31, 2021. We also expect to comply with Section 404(b) at this time.

If our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, and our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting at such time as it is required to do so, and material weaknesses in our internal control over financial reporting are identified, we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our business, financial condition and results of operations. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the exchange upon which our securities are listed or other regulatory authorities, which would require additional financial and management resources.

We have identified material weaknesses in our internal control over financial reporting. If our remediation of such material weaknesses is not effective, or if we experience additional material weaknesses or otherwise fail to design and maintain effective internal control over financial reporting, our ability to timely and accurately report our financial condition and results of operations or comply with applicable laws and regulations could be impaired, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a public company, we will be required to maintain internal control over financial reporting and to evaluate and determine the effectiveness of our internal control over financial reporting. Beginning with our second annual report on Form 10-K following this offering, we will be required to provide a management report on internal control over financial reporting, as well as an attestation of our independent registered public accounting firm.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2018, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or 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 consolidated financial statements will not be prevented or detected on a timely basis.

We did not design or maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of personnel with (i) an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately, and (ii) an appropriate level of knowledge and experience to establish effective information technology processes and controls. This material weakness contributed to the following material weaknesses:

- we did not design and maintain adequate controls over the preparation and review of certain account reconciliations and journal entries. Specifically, we did not design and maintain controls to ensure (i) the appropriate segregation of duties in the preparation and review of account reconciliations and journal entries and (ii) account reconciliations and journal entries were reviewed at the appropriate level of precision.
- we did not design and maintain effective controls over certain information technology general controls for information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, we did not design and maintain sufficient user and privileged access controls to ensure appropriate segregation of duties and adequate restricted user access to financial applications; program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; or computer operations controls as well as testing and approval controls for program development.

The control deficiencies described above did not result in a misstatement to our annual consolidated financial statements. However, each of the material weaknesses described above, if not remediated, could result in a misstatement of one or more account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected, and, accordingly, we determined that these control deficiencies constitute material weaknesses.

We have concluded that these material weaknesses arose because, as a private company, we did not have the necessary business processes, systems, personnel and related internal controls. In the year ended December 31, 2019, we undertook measures to address material weaknesses in our internal controls. In particular, we (i) hired additional finance and accounting personnel with expertise in preparation of financial statements and account reconciliations; (ii) further developed and documented our accounting policies; and (iii) hired a director responsible for implementation of information technology general controls. In addition, we will continue to take steps to remediate these material weaknesses, including:

- continuing to hire, additional qualified accounting, financial reporting and information technology personnel with public company experience;
- providing additional training for our personnel on internal control over financial reporting;
- implementing new financial systems and processes;
- implementing additional review controls and processes and requiring timely account reconciliation and analyses;
- implementing processes and controls to better identify and manage segregation of duties; and
- engaging an external advisor to assist with evaluating and documenting the design and operating effectiveness of internal controls and assisting with the remediation of deficiencies, as necessary.

We cannot assure you that the measures we have taken to date, and that we are continuing to implement, will be sufficient to remediate the material weaknesses we have identified or to avoid the

identification of additional material weaknesses in the future. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies or others could result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis.

The process of designing and implementing internal control over financial reporting required to comply with the disclosure and attestation requirements of Section 404 of the Sarbanes-Oxley Act will be time consuming and costly. If during the evaluation and testing process we identify additional material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Anti-takeover provisions in our governing 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 depress the market price of our common stock.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain or will contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our amended and restated certificate of incorporation and amended and restated bylaws will include the following provisions:

- limitations on convening special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- advance notice procedures, which apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- a prohibition on stockholder action by written consent, which means that our stockholders will only be able to take action at a meeting of stockholders;
- a forum selection clause, which means certain litigation against us can only be brought in Delaware;
- no authorization of cumulative voting, which limits the ability of minority stockholders to elect director candidates;
- certain amendments to our certificate of incorporation will require the approval of two-thirds of the then outstanding voting power of our capital stock;
- our bylaws will provide that the affirmative vote of two-thirds of the then-outstanding voting power of our capital stock, voting as a single class, is required for stockholders to amend or adopt any provision of our bylaws; and
- the authorization of undesignated or “blank check” preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the "DGCL"), which prevents interested stockholders, such as certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85% of the common stock or (iii) following board approval, the business combination receives the approval of the holders of at least two-thirds of our outstanding common stock not held by such interested stockholder.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, and federal district courts will be the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders; (c) any action asserting a claim arising pursuant to the DGCL, our amended and restated certificate of incorporation or amended bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware; or (d) any action asserting a claim governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by Exchange Act or to any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation will further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. The 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 such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations.

An active trading market for our common stock may never develop or be sustained.

Although the shares of our common stock will be authorized for trading on Nasdaq, an active trading market for our common stock may not develop on that exchange or elsewhere or, if developed, that market may not be sustained. If an active trading market for our common stock does not develop or is not maintained, the liquidity of our common stock, your ability to sell your shares of our common stock when desired and the prices that you may obtain for your shares of common stock will be adversely affected.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will depend in part on the research and reports that third-party securities analysts publish about our company and our industry. We may be unable to attract research coverage and if one or more analysts cease coverage of our company, we could lose visibility in the market. In addition, one or more of these analysts could downgrade our common stock or issue other negative commentary about our company or our industry. As a result of one or more of these factors, the trading price of our common stock could decline.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, the market price of our common stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in this prospectus and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our common stock may decline. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future.

Investors in this offering will experience immediate and substantial dilution of $11.73 per share.

Based on an assumed initial public offering price of $16.00 per share (the midpoint of the range set forth on the cover of this prospectus), purchasers of our common stock in this offering will experience immediate and substantial dilution of $11.73 per share in the as adjusted net tangible book value per share of common stock from the initial public offering price, and our as adjusted net tangible book value as of March 31, 2020 after giving effect to this offering would be $4.27 per share. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See “Dilution.”

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the offering, liquidity, growth and profitability strategies and factors and trends affecting our business are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions.

The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the factors set forth under “Risk Factors.” Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, such as the developing situation related to, and uncertainty caused by, the COVID-19 pandemic, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected 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 upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus forms a part with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

These forward-looking statements speak only as of the date of this prospectus. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this prospectus after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

MARKET AND INDUSTRY DATA

This prospectus includes estimates regarding market and industry data. Unless otherwise indicated, information concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity and market size, are based on our management's knowledge and experience in the markets in which we operate, together with currently available information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, trade and business organizations and other contacts in the markets in which we operate. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research, and are based on certain assumptions that we believe to be reasonable.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets in which we operate. While we believe the estimated market and industry data included in this prospectus are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise, and you are cautioned not to give undue weight to such estimates. Market and industry data are subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of such data. In addition, projections, assumptions and estimates of the future performance of the markets in which we operate are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us. Accordingly, you are cautioned not to place undue reliance on such market and industry data or any other such estimates. The content of, or accessibility through, the sources and websites identified herein, except to the extent specifically set forth in this prospectus, does not constitute a part of this prospectus and are not incorporated herein and any websites are an inactive textual reference only.

"*Net Promoter Score*," or "*NPS*," refers to our net promoter score, which can range from a low of negative 100 to a high of positive 100, that we use to gauge customer satisfaction. NPS benchmarks can vary significantly by industry, but a score greater than zero represents a company having more promoters than detractors. Our methodology of calculating NPS reflects responses from customers who purchase or sell vehicles and products from us and choose to respond to a survey question upon completion of their purchase or sale. In particular, it reflects responses given between March 1, 2020 and March 31, 2020, and reflects a sample size of 1,409 responses over that period. NPS gives no weight to customers who decline to answer the survey question.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Certain other amounts that appear in this prospectus may not sum due to rounding.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $275.1 million (or approximately $317.2 million if the underwriters exercise their over-allotment option to purchase additional shares of our common stock in full), based upon the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Assuming no exercise of the underwriters' over-allotment option, each $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by approximately $17.5 million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease the net proceeds that we receive from this offering by approximately $15.0 million, assuming that the price per share for the offering remains at $16.00 (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies; however, we do not have any agreements or commitments for any material acquisitions or investments at this time.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2020, as follows:

- on an actual basis;
- on a pro forma basis to give effect to (i) the Automatic Conversion, (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020; and
- on a pro forma as adjusted basis to give effect to the adjustments described in the preceding clause and to reflect the issuance and sale of common stock in this offering at an assumed initial public offering price of $16.00 per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting the estimated underwriting discount and estimated offering expenses payable by us, and the application of the net proceeds therefrom as described under “Use of Proceeds.”

Our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus and the “Selected Consolidated Financial and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other financial information contained in this prospectus.

	As of March 31, 2020 (unaudited)		
(in thousands, except share and per share data)	**Actual**	**Pro forma**	**Pro forma as adjusted**
Cash and cash equivalents	$ 169,842	$ 169,842	$ 444,982
Indebtedness:			
Vehicle Floorplan Facility[1]	$ 165,166	$ 165,166	$ 165,166
Long-term debt	282	282	282
Redeemable convertible preferred stock, $0.001 par value; 43,061,682 shares authorized, actual; 42,766,697 shares issued and outstanding, actual; no shares authorized, pro forma; no shares issued and outstanding, pro forma; no shares authorized, pro forma as adjusted; no shares issued and outstanding, pro forma as adjusted	901,046	—	—
Total equity:			
Stockholders’ equity:			
Common Stock, $0.001 par value; 56,721,927 shares authorized, actual; 4,226,848 shares issued and outstanding, actual; 500,000,000 shares authorized, pro forma; 93,987,090 shares issued and outstanding, pro forma; 500,000,000 shares authorized, pro forma as adjusted; 112,737,090 shares issued and outstanding, pro forma as adjusted	4	94	113
Preferred stock, $0.001 par value; no shares authorized, issued or outstanding, actual; 10,000,000 shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Additional paid-in capital	—	900,956	1,176,077
Accumulated deficit	(616,127)	(616,127)	(616,127)
Total stockholders’ (deficit) equity	**(616,123)**	**284,923**	**560,063**
Total capitalization	**$ 450,371**	**$ 450,371**	**$ 725,511**

[1] In March 2020, we entered into a new 2020 Vehicle Floorplan Facility that provides a committed credit line of up to $450.0 million. Approximately $141.3 million was available under the 2020 Vehicle Floorplan Facility as of March 31, 2020.

Each $1.00 increase or decrease in the assumed initial public offering price of $16.00 per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $17.5 million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $15.0 million, assuming that the price per share for the offering remains at $16.00 (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and any other factors or considerations our board of directors may regard as relevant.

Our ability to pay dividends may also be restricted by the terms of any credit agreement or any future debt or preferred equity securities of us or our subsidiaries. Accordingly, you may need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them. See “Risk Factors—Risks Relating to this Offering and Ownership of Our Common Stock—We do not intend to pay dividends on our common stock for the foreseeable future.”

DILUTION

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

Our pro forma net tangible book value as of March 31, 2020 was $206.3 million, or $2.20 per share. Pro forma net tangible book value per share is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding, after giving effect to (i) the Automatic Conversion, (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020.

After giving effect to receipt of the net proceeds from our issuance and sale of 18,750,000 shares of common stock in this offering at an assumed initial public offering price of $16.00 per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2020 would have been approximately $481.5 million, or $4.27 per share of common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $2.07 per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of approximately $11.73 per share to new investors purchasing shares of our 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 estimated offering price that a new investor will pay for a share of common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		$16.00
Pro forma net tangible book value per share as of March 31, 2020 before this offering	$2.20	
Increase in pro forma as adjusted net tangible book value per share attributable to investors in this offering	2.07	
Pro forma as adjusted net tangible book value per share after this offering		$ 4.27
Dilution in pro forma as adjusted net tangible book value per share to new common stock investors in this offering		$11.73

Each $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $0.16 per share, and dilution in pro forma as adjusted net tangible book value per share to new investors by approximately $0.84 per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Each increase (decrease) of 1,000,000 shares in the number of shares offered in this offering, as set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value after this offering by approximately $15.0 million, or $0.09 per share, and would increase (decrease) the dilution per share to new investors by $0.09 per share, assuming that the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value after the offering would be $4.53 per share, the increase in pro forma as adjusted net tangible book value per share to existing stockholders would be $2.33 per share and the dilution in pro forma as adjusted net tangible book value to new investors would be $11.47 per share, in each case assuming an initial public offering price of $16.00 per share, which is the midpoint of the price range listed on the cover page of this prospectus, after deducting the estimated underwriting discount and the estimated offering expenses payable by us.

The following table summarizes, as of March 31, 2020, after giving effect to this offering, the number of shares of common stock purchasable from us, the total consideration payable, or to be paid, to us and the average price per share payable, or to be paid, by existing stockholders and by the new investors. The calculation below is based on an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discount and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
			(in millions)		
Existing stockholders	93,987,090	83.4%	$ 731.2	70.9%	$ 7.78
New investors	18,750,000	16.6	300.0	29.1	16.00
Total	112,737,090	100.0%	$ 1,031.2	100.0%	

Each $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) the total consideration paid by new investors and the total consideration paid by all stockholders by $17.5 million, assuming the number of shares offered by us remains the same and after deducting the estimated underwriting discount but before estimated offering expenses.

Except as otherwise indicated, the discussion and the tables above assume no exercise of the underwriters' over-allotment option to purchase additional shares of common stock. The number of shares of our common stock outstanding after this offering as shown in the tables above is based on the number of shares outstanding as of March 31, 2020, after giving effect to (i) the Automatic Conversion (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020, and excludes the following:

- 3,019,108 shares of common stock reserved for future grant or issuance under our 2020 Plan;
- the exercise of warrants to purchase 161,136 shares of common stock, which will result in the net issuance of 153,885 shares of common stock in connection with this offering, assuming an initial public offering price of $16.00 per share of common stock (which is the midpoint of the price range set forth on the cover page of this prospectus);
- 589,970 shares of common stock issuable upon the exercise of warrants outstanding as of March 31, 2020 with an exercise price of $8.53 per share;
- 6,198,676 shares of common stock issuable upon the exercise of options outstanding as of March 31, 2020, having a weighted average exercise price of $4.37 per share;
- 978,060 shares of common stock issuable upon settlement of restricted stock units outstanding as of March 31, 2020, having a weighted average grant date fair value of $7.80 per share;
- 1,463,346 shares of our common stock subject to restricted stock units granted after March 31, 2020;

- 3,249,382 shares of common stock issuable upon settlement of restricted stock awards outstanding as of March 31, 2020; and
- the issuance of 183,870 shares of common stock in connection with the entrance into the RA Agreement (as defined in “Business—Our Marketing”) occurring after March 31, 2020.

To the extent any of these outstanding options are exercised or restricted stock units are settled, there will be further dilution to new investors.

If the underwriters exercise their over-allotment option to purchase additional shares of common stock from us in full:

- the percentage of shares of our common stock held by the existing stockholders will decrease to approximately 81.3% of the total number of shares of our common stock outstanding after this offering; and
- the number of shares held by new investors will increase to approximately 18.7% of the total number of shares of our common stock outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present our selected consolidated financial and other data. We have derived the selected consolidated statements of operations data for the years ended December 31, 2018 and 2019 and the consolidated balance sheet data as of December 31, 2018 and 2019 from our consolidated financial statements included elsewhere in this prospectus. The selected statements of operations data presented below for the three months ended March 31, 2020 and 2019 and the selected consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on a consistent basis as our audited consolidated financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following selected consolidated financial and other data together with the information under the sections titled “Use of Proceeds,” “Capitalization,” “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.

	Year Ended December 31,		Three Months Ended March 31	
	2018	2019	2019	2020
			(unaudited)	
(in thousands, except share and per share data)				
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted[1]	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		$ (1.55)		$ (0.44)
Pro forma weighted average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		92,174,590		94,004,850

(in thousands)	As of December 31, 2018	As of December 31, 2019	As of March 31, 2020 (unaudited)
Cash and cash equivalents	$ 161,656	$ 217,734	$ 169,842
Total assets	392,844	563,387	547,083
Long-term debt	24,431	316	282
Total liabilities	170,610	262,907	262,160
Total redeemable convertible preferred stock	519,100	874,332	901,046
Total stockholders' deficit	(296,866)	(573,852)	(616,123)

(in thousands)	As of March 31, 2020 (unaudited)		
	Actual	Pro Forma[2]	Pro Forma As Adjusted[3][4]
Cash and cash equivalents	$ 169,842	$ 169,842	$ 444,982
Total assets	547,083	547,083	822,223
Total liabilities	262,160	262,160	262,160
Total redeemable convertible preferred stock	901,046	—	—
Total stockholders' (deficit) equity	(616,123)	284,923	560,063

(1) See Note 17 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and unaudited pro forma net loss per share attributable to common stockholders, basic and diluted for the year ended December 31, 2019 and the three months ended March 31, 2020.

(2) The unaudited pro forma consolidated balance sheet data as of March 31, 2020 presents our consolidated balance sheet data to give effect to (i) the Automatic Conversion, (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020.

(3) The unaudited pro forma as adjusted consolidated balance sheet data reflects the items described in footnote (2) above and gives effect to our receipt of estimated net proceeds from the sale of shares of common stock that we are offering by this prospectus at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range on the cover page of this prospectus, after deducting the estimated underwriting discounts and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' deficit by $17.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, total assets and total stockholders' deficit by $15.0 million, assuming that the price per share for the offering remains at $16.00 (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

(4) The unaudited pro forma as adjusted data discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
Key Operating and Financial Metrics:[a]				
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

(a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for information on how we define these key operating and financial metrics.

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 sections titled "Selected Consolidated Financial and Other Data" and our financial statements and related notes and other information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this prospectus. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

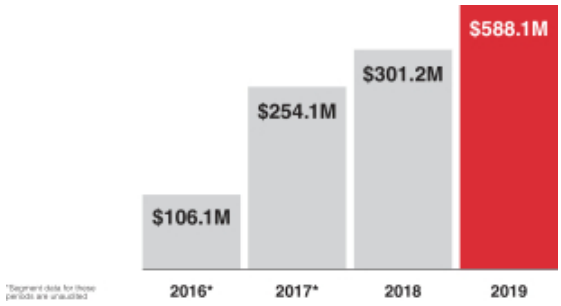
- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, contact-free at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions. It also is ripe for

disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based Texas Direct Auto, or TDA, which included our proprietary vehicle reconditioning center or Vroom VRC, our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% compound annual growth rate, or CAGR, from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018 and 2019, and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

Our Model

We generate revenue through the sale of used vehicles and value-added products. We sell vehicles directly to consumers primarily through our Ecommerce segment. As the largest segment in our business, Ecommerce revenue grew 95.3% from 2018 to 2019 and 159.5% from the three months ended March 31, 2019 to the three months ended March 31, 2020, and we expect Ecommerce to continue to outgrow our other segments as it is the core focus of our growth strategy.

We also sell vehicles through wholesale auctions, which provide a revenue source for vehicles that do not meet our Vroom retail sales criteria. Additionally, we generate revenue through the retail sale of used vehicles and value-added products at TDA. For the year ended December 31, 2019, our Ecommerce, TDA and Wholesale segments represented 49.3%, 32.8% and 17.9% of our total revenue, respectively. For the three months ended March 31, 2020, our Ecommerce, TDA and Wholesale segments represented 62.0%, 23.2% and 14.8% of our total revenue, respectively.

Our retail gross profit consists of two components: Vehicle Gross Profit and Product Gross Profit. Vehicle Gross Profit is calculated as the aggregate retail sales price for all vehicles sold to customers along with delivery fee revenue and document fees received from customers, less the aggregate cost to acquire such vehicles, the aggregate cost of inbound transportation for such vehicles to our vehicle reconditioning centers, which we refer to as VRCs, and the aggregate cost of reconditioning such vehicles for sale. Product Gross Profit consists of fees earned on any value-added products sold as part of a vehicle sale. Because we are paid fees on the value-added products we sell, our gross profit on such products is equal to the revenue we generate. See "—Key Operating and Financial Metrics."

Below is an explanation of how we calculate vehicle gross profit per unit and product gross profit per unit:

Sales Price	Vehicle Selling Price
– Acquisition Price	Vehicle Acquisition Cost
+ Delivery Fees and Doc Fees	Delivery and Document Fees Received from Customer
– Inbound Shipping Cost	Cost of Shipment to Reconditioning Center
– Reconditioning Cost	Spend on Mechanical & Cosmetic Reconditioning to Bring Vehicle Ready for Sale
= Vehicle Gross Profit per Unit	
+ Financing GPPU	Bank Fees Earned from Arranging Customer Financing
+ Value-Added Product GPPU	Fees Earned from Sale of Protection Products (Gap, Warranty, Tire & Wheel Coverage)
= Product Gross Profit per Unit	
Total Ecommerce GPPU	

Reported KPI

Our profitability depends primarily on increasing unit sales and operating leverage, as well as improving unit economics. We deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. Our hybrid approach also applies to the third-party value-added products we sell to customers, which enables us to generate additional revenue streams without taking on the risk associated with underwriting vehicle financing or protection products. As we scale, we expect to benefit from efficiencies and operating leverage across our business, including our marketing and technology investments, and our inventory procurement, logistics, reconditioning and sales processes.

Inventory Sourcing

We source our vehicle inventory from a variety of channels, including auctions, consumers, rental car companies and dealers. Because the quality of vehicles and associated gross margin profile vary across each channel, the mix of inventory sources has an impact on our profitability. We continually evaluate the optimal mix of sourcing channels to generate the highest sales margins and shortest inventory turns, both of which contribute to increased gross profit per unit. We generate a vast set of data derived from market demand, pricing dynamics, vehicle acquisitions and subsequent sales, and we leverage that data to optimize future vehicle acquisitions. As we scale, we expect to continue to leverage the data at our disposal to optimize and enhance the volume and selection of vehicles in our inventory and, in turn, drive revenue growth and profitability. We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure. See "—Key Factors and Trends Affecting our Operating Results—Ability to drive growth by cost effectively increasing the volume and selection of vehicles in our inventory."

Vehicle Reconditioning

Before a vehicle is listed for retail sale on our platform, it undergoes a thorough reconditioning process in order to meet our Vroom retail sales criteria. The efficiency of this reconditioning process is a key element in our ability to profitably grow. To recondition vehicles, we rely on a combination of our Vroom VRC along with a network of VRCs owned and operated by third parties. We intend to continue to expand our network of third-party VRCs and going forward intend to make capital investments in additional Vroom VRCs. Utilizing this hybrid approach, we have increased our total reconditioning capacity from 235 units per day as of March 31, 2019, to 326 units per day as of March 31, 2020, including an increase from 95 units per day to 186 units per day at our third-party VRCs. As we increase the number of vehicles in our inventory and expand our reconditioning capacity, we expect that reconditioning costs per unit will decrease as we benefit from economies of scale and operating leverage in reconditioning costs. See "—Key Factors and Trends Affecting our Operating Results—Ability to expand and optimize our reconditioning capacity to satisfy increasing demand."

Logistics Network

For our logistics operations, we primarily use third-party carriers and are developing a hybrid strategy to build out our proprietary logistics network. Our strategic carrier arrangements with national haulers allows us to efficiently deliver vehicles to customers throughout the United States while focusing on expanding other critical components of our business, such as the volume and selection of vehicles in our inventory. This strategy enhances the flexibility, agility and speed of our growth while reducing the need for additional capital commitments as we scale. As we leverage the experience and data at our disposal from the tens of thousands of deliveries we have completed, we regularly find ways to enhance the efficiencies in our logistics network. In addition, by strategically partnering with third party carriers with widely dispersed locations, we are able to quickly expand our last mile delivery hubs and enhance our customer experience. See "—Key Factors and Trends Affecting our Operating Results—Ability to expand and develop our logistics network."

Value-Added Products

We generate revenue by earning fees for selling value-added products to customers in connection with vehicle sales. Currently, our third-party value-added product offering consists of finance and protection products, including financing from third-party lenders for our customers' vehicle purchases, as well as sales of extended warranty contracts, GAP protection and wheel and tire coverage. As we scale our business, we intend to introduce additional value-added products that will be attractive to our customers and drive revenue and profitability growth. We expect that both expanded product offerings and increased attachment rates in value-added product sales will have a positive impact on our profitability. See "—Key Factors and Trends Affecting our Operating Results—Ability to increase and better monetize value-added products."

Our Segments

We manage and report operating results through three reportable segments:

- **Ecommerce** (49.3% of 2019 revenue; 62.0% of quarter ended March 31, 2020 revenue): The Ecommerce segment represents retail sales of used vehicles through our ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales.
- **TDA** (32.8% of 2019 revenue; 23.2% of quarter ended March 31, 2020 revenue): The TDA segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales.
- **Wholesale** (17.9% of 2019 revenue; 14.8% of quarter ended March 31, 2020 revenue): The Wholesale segment represents sales of used vehicles through wholesale auctions.

Gross profit is defined as revenue less cost of sales for each segment. Reflected below is a summary of reportable segment revenue and reportable segment gross profit for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020:

	For the Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
	(in thousands)		(in thousands) (unaudited)	
Revenue:				
Ecommerce	$ 301,172	$ 588,114	$ 89,855	$ 233,172
TDA	379,743	390,243	93,085	87,022
Wholesale	174,514	213,464	52,119	55,578
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Gross profit:				
Ecommerce	$ 22,425	$ 32,127	$ 5,754	$ 14,267
TDA	35,125	25,392	6,077	5,412
Wholesale	3,257	340	181	(1,292)
Total gross profit	$ 60,807	$ 57,859	$ 12,012	$ 18,387

Key Operating and Financial Metrics

We regularly review a number of metrics, including the following key operating and financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial forecasts and make strategic decisions. We believe these operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. You should read the key operating and financial metrics in conjunction with the following discussion of our results of operations and together with our consolidated financial statements and related notes included elsewhere in this prospectus. We focus heavily on metrics related to unit economics as improved gross profit per unit is a key element of our growth and profitability strategies.

The calculation of our key operating and financial metrics is straightforward and does not rely on significant projections, estimates or assumptions. Nevertheless, each of our key operating and financial metrics has limitations because each focuses specifically on only one standard by which to evaluate our business, without taking into account other applicable standards, performance measures or operating trends by which our business could be evaluated. Accordingly, no single metric should be viewed as the bellwether by which our business should be measured. Rather, each key operating and financial metric should be considered in conjunction with other metrics and components of our results of operations, such as each of the other key operating and financial metrics and our revenues, inventory, loss from operations and segment results.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

Ecommerce Units Sold

Ecommerce units sold is defined as the number of vehicles sold and shipped to customers through our ecommerce platform, net of returns under our Vroom 7-Day Return Policy. Ecommerce units sold excludes sales of vehicles through the TDA and Wholesale segments. As we continue to expand our ecommerce business, we expect that ecommerce units sold will be the primary driver of our revenue growth. Additionally, each vehicle sale through our ecommerce platform also creates the opportunity to leverage such sale to sell value-added products. Continued ecommerce growth will also increase the number of trade-in vehicles acquired from our customers, which we can either recondition and add to our inventory or sell at wholesale auctions.

Vehicle Gross Profit per Ecommerce Unit

Vehicle Gross Profit per ecommerce unit, which we refer to as Vehicle GPPU, for a given period is defined as the aggregate retail sales price and delivery charges for all vehicles sold through our Ecommerce segment less the aggregate costs to acquire those vehicles, the aggregate costs of inbound transportation to the VRCs and the aggregate costs of reconditioning those vehicles in that period, divided by the number of ecommerce units sold in that period. As we continue to expand our ecommerce business, we believe Vehicle GPPU will be a key driver of our long-term profitability.

Product Gross Profit per Ecommerce Unit

Product Gross Profit per ecommerce unit, which we refer to as Product GPPU, for a given period is defined as the aggregate fees earned on sales of value-added products in that period, net of the reserves for chargebacks on such products in that period, divided by the number of ecommerce units sold in that period. Because we are paid fees on the value-added products we sell, our gross profit is equal to the revenue we generate from the sale of value added products. We plan to continue to increase the attachment rates of value-added products and expand our offerings of value-added products which will grow our Product GPPU.

Total Gross Profit per Ecommerce Unit

Total Gross Profit per ecommerce unit, which we refer to as Total GPPU, for a given period is calculated as the sum of Vehicle GPPU and Product GPPU. We view Total GPPU as a key metric of the profitability of our Ecommerce segment.

Average Monthly Unique Visitors

Average monthly unique visitors is defined as the average number of individuals who access our ecommerce platform within a calendar month. We calculate the average monthly unique visitors over any period by dividing the aggregate monthly unique visitors during such period by the number of months in that period. We use average monthly unique visitors to measure the quality of our customer experience, the effectiveness of our marketing campaigns and customer acquisition as well as the strength of our brand and market penetration.

Average monthly unique visitors is calculated using data provided by Google Analytics. The computation of average monthly unique visitors excludes individuals who access our platform multiple times within a calendar month, counting such individuals only one time for purposes of the calculation. If an individual accesses our ecommerce platform using different devices or different browsers on the same device within a given month, the first access through each such device or browser is counted as a separate monthly unique visitor.

Vehicles Available for Sale

We define vehicles available for sale as the aggregate number of vehicles listed for sale on our platform at any given point in time. Vehicles available for sale is a key indicator of our performance because we believe that the number of vehicles listed on our platform is a key driver of vehicle sales and revenue growth. Increasing the number of vehicles listed on our platform results in a greater selection of vehicles for our customers, creating demand and increasing conversion.

Ecommerce Average Days to Sale

We define ecommerce average days to sale as the average number of days between our acquisition of vehicles and the final delivery of such vehicles to customers through our ecommerce platform. We calculate average days to sale for a given period by dividing the aggregate number of days between the acquisition of all vehicles sold through our ecommerce platform during such period and final delivery of such vehicles to customers by the number of ecommerce units sold in that period. Average days to sale excludes vehicles sold through the TDA and Wholesale segments. Average days to sale is an important metric because a reduction in the number of days between the acquisition of a vehicle and the delivery of such vehicle typically results in a higher gross profit per unit.

Impact of COVID-19

During the first quarter of this year, we experienced significant growth in our ecommerce business. Ecommerce units sold and ecommerce revenue increased by 149% and 160%, respectively, year over year. Gross profit per unit was consistent during the same periods.

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. In the following weeks, many states and counties across the United States responded by implementing a number of measures designed to prevent its spread, including stay-at-home or shelter-in-place orders, quarantines and closure of all non-essential businesses.

Impact on our operations

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainty and economic disruption, and leading to record levels of unemployment nationally. Due to the evolving nature of the COVID-19 crisis, we continue to monitor the situation closely and assess the impact on our business. We expect our operations will continue to be adversely impacted throughout 2020, however, the magnitude and duration of the ultimate impact is impossible to predict with certainty due to:

- uncertainties regarding the duration of the COVID-19 pandemic and the length of time over which the disruptions caused by COVID-19 will continue;
- the impact of governmental orders and regulations that have been, and may in the future be, imposed in response to the pandemic;
- the impact of COVID-19 on VRCs, wholesale auctions, state DMV titling and registration services and other third parties on which we rely;
- the deterioration of economic conditions in the United States, as well as record high unemployment levels, which could have an adverse impact on discretionary consumer spending; and
- uncertainly regarding the potential for a “second wave” of the COVID-19 crisis to occur in the future.

Impact on ecommerce operations

The COVID-19 pandemic began to have an impact on our ecommerce operations during the last three weeks of our fiscal quarter ended March 31, 2020. Between March 11, 2020 and March 31, 2020, we experienced an approximate 15% decrease in total ecommerce revenue due to a decrease in consumer demand as compared to the 20 days prior to March 11, 2020.

Due to the drop in demand in the early days of the crisis, as well as uncertainty regarding future vehicle pricing in both the retail and wholesale markets, we made the strategic decision to quickly reduce our exposure to inventory risk and floorplan liabilities. Commencing in late March, we reduced vehicle prices in order to drive vehicle sales and quickly reduce the amount of inventory that was purchased pre-COVID-19. We also paused all vehicle acquisitions other than trade-ins, and we sold at wholesale auctions many units that had not yet been reconditioned. As a result of these strategic decisions, our total inventory levels went from approximately 8,500 retail and wholesale units as of the beginning of March to approximately 2,500 retail and wholesale units at the end of April. In addition, our inventory floorplan utilization declined from $186.9 million as of March 11, 2020 to $56.7 million as of April 30, 2020.

Due to the inventory price reductions that began in late March, our demand returned to pre-COVID-19 levels, and we experienced robust ecommerce vehicle sales; however, those sales were at a greatly reduced gross profit per unit. During April 2020, we sold 2,880 ecommerce units and gross profit per unit was approximately $1,236, as compared to the 2,771 units we sold at $1,769 gross profit per unit in March 2020. Due to the significant reduction in our inventory through April 30, 2020, we expect material decreases in future unit sales, revenue and gross profit until we are able to return inventory levels to pre-COVID-19 levels. On April 20, 2020, we began to acquire new inventory, with a primary focus on high-demand models that we believe will convert at target margins. We intend to strategically build our inventory levels in the near term to return to and ultimately exceed pre-COVID-19 levels.

Impact on our vehicle reconditioning and our logistics network

The COVID-19 pandemic and the actions taken in response have had a significant impact on our VRC operations. During March and through April 2020, six of our thirteen third-party VRCs were either partially closed or completely closed, which initially resulted in approximately 500 vehicles left either with incomplete reconditioning or no reconditioning across these third-party VRCs. As a result of these closures at our third-party VRCs, we prioritized the reconditioning of vehicles that were near completion, relocated vehicles to third-party VRCs that remained open and listed such vehicles for sale, or sold vehicles at wholesale to minimize the risk of price deterioration. We were able to successfully access and sell most of these stranded vehicles, and only approximately 50 vehicles remain inaccessible as of May 8, 2020. Our Vroom VRC continued to operate, although at significantly reduced capacity due to our cessation of vehicle purchases. We began purchasing vehicles again on April 20, 2020 and have begun to ramp up our Vroom VRC operations. In addition, as shut-down orders are lifted on a state-by-state basis, we expect our third party VRCs to gradually return to pre-crisis capacity.

We experienced minimal disruption across our logistics network, with only a limited number of third-party providers unavailable to deliver our vehicles and adequate alternative sources remaining available.

Impact on TDA

Commencing on March 24, 2020, counties in the Houston area began to implement stay-at-home or shelter-in-place orders with limited exceptions for essential businesses. Both TDA and our back-office facility in Houston qualified as essential businesses under the relevant ordinances and remained open. However, as a result of the these orders, we saw a significant reduction in foot traffic that caused us to experience an approximate 43% decrease in unit sales between March 11, 2020 and March 31, 2020 as compared to the 20 days prior to March 11, 2020.

Impact on our administrative functions

Most of our corporate, engineering and back office operations have been able to successfully transition to a remote working environment. However, the various shut-down orders have had a significant effect on certain of our back-office functions, such as the titling and registration of vehicles sold to customers, which has been challenged by the temporary closure of state division of motor vehicle offices across the United States. As states and counties continue to lift shut-down orders, we expect to regain efficiencies lost as a result of these closures.

As a result of these developments, we have experienced an adverse impact on our revenue, gross profit, results of operations and cash flows. The situation is fluid and additional impacts to our business may arise.

Management actions in response to the COVID-19 disruptions

In response to the COVID-19 disruptions, in addition to managing our inventory exposure, we have implemented a number of measures to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce was placed on furlough. The majority of employees furloughed were in reconditioning, logistics, acquisitions and TDA sales, which were the positions most affected by the reduction in unit volume. Furloughed employees remain enrolled in our medical plan through July 31, 2020, and we are paying the current cost of the employee's portion of the medical plan premiums in addition to the employer portion. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels.

We also have taken measures to reduce operating expenses by negotiating reductions and deferrals in payments to landlords, vehicle listing sites, service providers and commercial vendors, as well as significantly reducing planned marketing expenditures by approximately $3.5 million through the end of May. We expect to gradually increase marketing expenditures commencing in June.

In addition, we have taken several precautionary measures to enhance our customer experience during the pandemic, such as increasing the level of cleaning and sanitation of vehicles prior to making delivery to our customers. Additionally, we adjusted our delivery protocols to provide contact-free delivery and pick up of vehicles.

While our ecommerce business, including contact-free delivery, is continuing to operate nationwide, the COVID-19 crisis has had a significant impact on our business operations. We are unable to accurately predict the ultimate impact that the COVID-19 disruptions will have on our business and financial results going forward due to the uncertainties surrounding the extent, duration and risk of recurrence of such disruptions. Nevertheless, we believe the measures we have taken and will continue to take will position Vroom to emerge from the crisis in a healthy financial position, and that our business model and years of experience with ecommerce vehicle sales and home delivery enable us to be highly responsive to consumers' increased desire for ecommerce solutions and contact-free delivery.

Update on liquidity and outlook

We believe that, upon consummation of this offering, based on our current projections, we will have sufficient liquidity and flexibility to operate during future disruptions caused by COVID-19. As of April 30, 2020, we had $156.4 million in cash and cash equivalents and $280.8 million was available under our 2020 Vehicle Floorplan Facility. We have resumed our vehicle sourcing and acquisition processes and are currently building our inventory to take advantage of our position and value proposition in the used automotive market. In response to the COVID-19 disruptions, we expect to continue to actively manage our daily cash flows and evaluate additional measures that will maximize flexibility, reduce operating costs and conserve cash.

We anticipate that there will be enhanced opportunities arising from greater consumer acceptance of our business model as a result of the COVID-19 disruptions. We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure. Our core business strategy remains intact and, in the post-pandemic environment, we expect to benefit from consumers' increased desire for ecommerce solutions and contact-free delivery.

Impact of COVID-19 on our monthly Ecommerce results

The following table summarizes our financial and other data for January, February, March and April of 2020:

	January 2020	February 2020	March 2020	April 2020
			(unaudited)	
Ecommerce Segment				
Units Sold	2,751	2,408	2,771	2,880
% year-over-year growth	176%	157%	121%	145%
Total Revenue (in millions)	$ 81	$ 70	$ 82	$ 81
% year-over-year growth	172%	151%	155%	136%
Vehicles Available for Sale	4,607	5,252	5,107	1,430
% year-over-year growth	23%	36%	74%	(48)%
Total Gross Profit per Unit	$1,782	$ 1,855	$1,769	$1,236
% year-over-year growth	(8)%	(11)%	19%	(46)%

In January and February 2020, we were able to maintain robust unit and revenue growth while continuing to sequentially improve our total gross profit per unit. During the last three weeks of the quarter ended March 31, 2020, we began to experience a deceleration of growth in units sold and a decline in total gross profit per unit as the COVID-19 pandemic began to have an impact on consumer demand and our ecommerce operations.

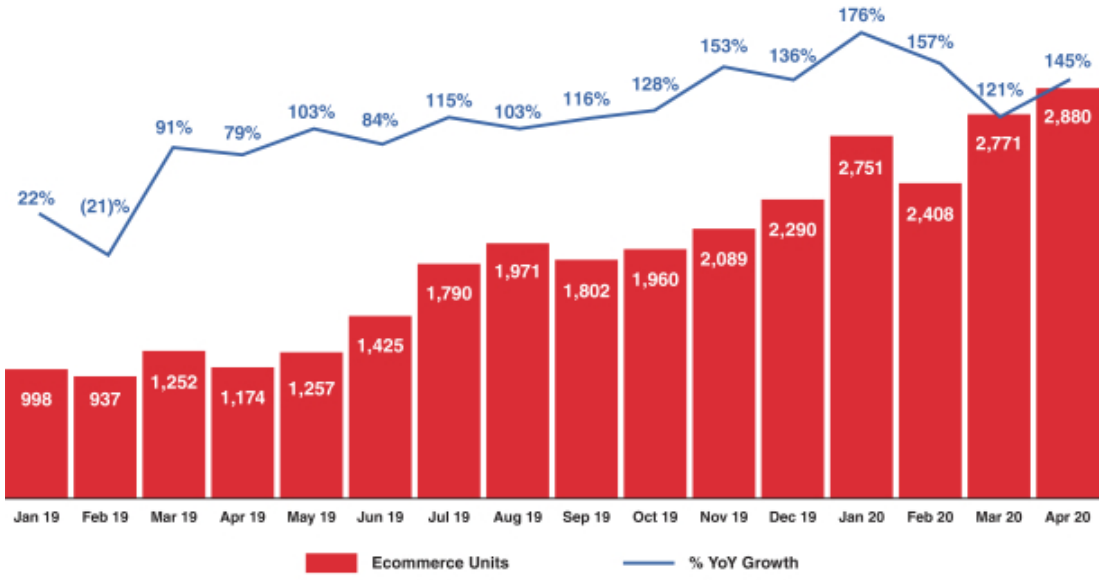
In April 2020, the COVID-19 pandemic continued to have an adverse impact on our business and financial results. The extent to which COVID-19 ultimately impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of the COVID-19 outbreak and the effectiveness of actions taken to contain the COVID-19 outbreak or treat its impact, among others. See "Risk Factors—Risks Related to Our Business—The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations."

Growth in Ecommerce Unit Sales

In 2019, following the successful completion of two test programs that indicated a strong potential for organic, national expansion, we made the strategic decision to begin to aggressively scale our business and accelerate our growth. Since growth is driven by the demand generated by vehicle inventory, we began national marketing in February 2019 and simultaneously began to increase our inventory purchasing across multiple dispersed markets, we expanded shifts and overtime at our Vroom VRC to more rapidly recondition units, and we paid a premium to ship units more quickly nationwide. As a result, we nearly doubled our inventory, doubled our reconditioning capacity and more than doubled our monthly sales in 2019.

The chart below reflects our monthly ecommerce units sold during 2019 and through April 2020, along with the year-over-year growth rate as compared to the same month during the previous year.

Accelerating Ecommerce Growth



Note: Monthly figures represent operational data.

Unit Economic Progression

The significant growth in consumer demand in 2019 exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period. By consciously prioritizing growth during the first half of 2019, we put downward pressure on unit economics for the short term, which also coincided with a stronger cycle of price depreciation in the second half of 2019 as compared to the prior year. This resulted in ecommerce GPPU declining from $1,806 and $1,892 in the first and second quarters of 2019, respectively, to $1,577 and $1,626 in the third and fourth quarters of 2019, respectively. Accordingly, in the second half of the year, we began to take measures that would reduce our unit costs while maintaining our growth trajectory for the long term.

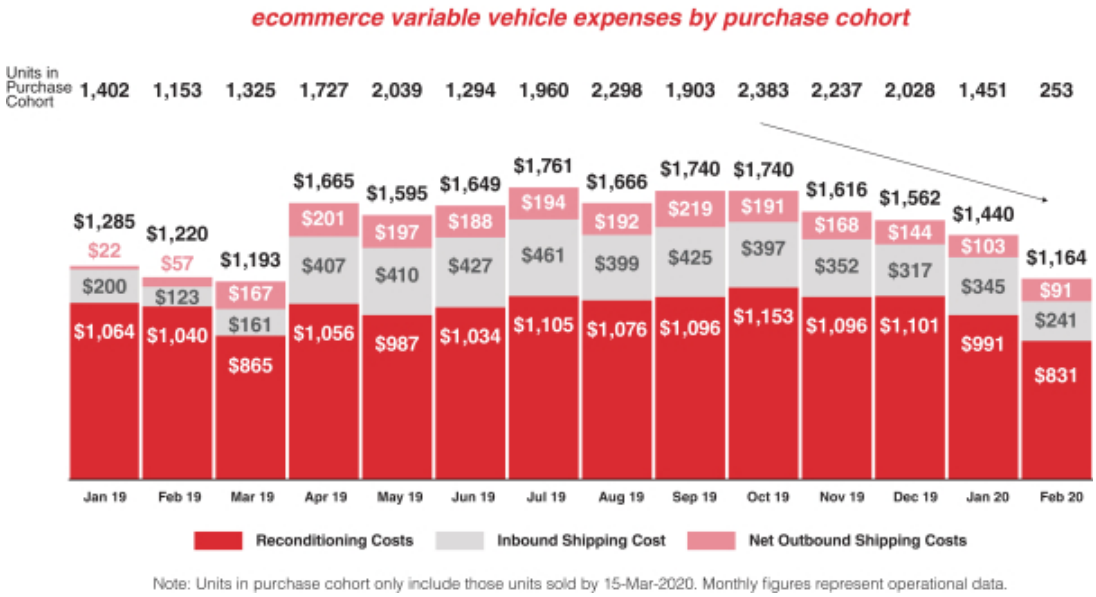
In order to improve our unit economics, we used data to inform and optimize our operations across acquisitions, reconditioning and logistics. We introduced enhanced technology and proprietary algorithms that included an automated pricing tool to inform buying decisions and routing algorithms to

improve logistics efficiency and drive higher sales margin, and we identified locations for expanded third party reconditioning capacity that reduced inbound shipping costs. We also reexamined our reconditioning standards and defect disclosures and adopted refinements, including setting standards based on vehicle value, that enabled us to reduce costs without reducing customer satisfaction.

In addition to the initiatives designed to improve our gross profit per ecommerce unit, we also entered into new arrangements with our third-party carriers that resulted in reduced outbound shipping costs, thereby reducing our SG&A expense.

The chart below demonstrates the most significant costs associated with a vehicle lifecycle subsequent to purchase, from inbound shipping, to reconditioning, to outbound shipping. Vehicles in each purchase "cohort" represent all vehicles acquired in a particular month that were sold on or prior to March 15, 2020, which we believe is the date as of which the COVID-19 crisis began to meaningfully impact our operations. For example, there were 253 Ecommerce units acquired in the February 2020 cohort that were sold by March 15, 2020. The expenses shown represent the average cost per unit for each cohort of vehicles.

Significant Improvements in Variable Vehicle Expenses



Note: Units in purchase cohort only include those units sold by 15-Mar-2020. Monthly figures represent operational data.

The cost optimizations that we accomplished within a six-month period represent long-term enhancements to our operations that we believe will continue to drive down unit costs. These enhancements resulted in increased operating efficiencies and improved unit economics that demonstrate the significant operating leverage in our business model as it scales.

Other Key Factors and Trends Affecting our Operating Results

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors and trends, including the following:

Ability to drive revenue growth by cost effectively increasing the volume and selection of vehicles in our inventory

Our growth is primarily driven by vehicle sales. Vehicle sales growth, in turn, is largely driven by the volume of inventory and the selection of vehicles listed on our platform. Accordingly, we believe that having the appropriate volume and mix of vehicle inventory is critical to our ability to drive growth.

The continued growth of our vehicle inventory requires a number of important capabilities, including the ability to finance the acquisition of inventory at competitive rates, source high quality vehicles across various acquisition channels nationwide, secure adequate reconditioning capacity and execute effective marketing strategies to increase consumer sourcing. In addition, our ability to accurately forecast pricing and consumer demand for specific types of vehicles is critical to sourcing high quality, high-demand vehicles. This ability is enabled by our data science capabilities that leverage the growing amount of data at our disposal and fine-tune our supply and sourcing models. As we continue to invest in our operational efficiency and data analytics, we expect that we will continue to cost effectively increase the volume and optimize the selection of our ecommerce inventory.

Ability to capitalize on the continued migration of vehicle purchasers to ecommerce platforms through data-driven marketing efforts

While the overall ecommerce penetration rate in used vehicle sales remains low, over the last several years, ecommerce used vehicle sales have experienced significant growth. There has been a shift in consumer buying patterns towards more convenient, personalized, and on-demand purchases, as well as a demand for ecommerce across more diverse categories, including the used vehicle market. We expect that the ecommerce model for buying and selling used vehicles will continue to grow and such growth may be accelerated by the COVID-19 pandemic. Our ability to continue to benefit from this trend will be an important driver of our future performance.

We seek to improve our brand awareness among consumers through national marketing campaigns in order to strengthen our customer acquisition funnel. We also use digital performance marketing such as search engine marketing, automotive aggregator sites and social media to acquire customers more cost effectively. Our aggregate marketing spend has increased over time, with our first national brand marketing campaign commencing in the first quarter of 2019, and we expect to continue to invest in both national brand marketing and performance marketing efforts. As we leverage our national brand, we believe this investment in marketing spend will drive additional demand and sales. We also believe that we have the ability to drive down the cost of acquisition per unit sold by increasing the efficiency of our marketing spend.

Ability to convert visitors to our platform into customers

The quality of the customer experience on our ecommerce platform is critical to our ability to attract new visitors to our platform, convert such visitors into customers and increase repeat customers. Our ability to drive higher customer conversion depends on our ability to make our platform a compelling choice for consumers based on our functionalities and consumer offerings.

Data analytics and experimentation drive decision making across all of our conversion efforts. By analyzing the data generated by the millions of visitors and tens of thousands of transactions on our

platform, and continually testing strategies to maximize conversion rates, we form a better understanding of consumer preferences and try to create a more tailored ecommerce experience. As we continue to invest in our brand and improve the customer experience, we expect that we will attract more visitors, improve conversion and drive greater sales.

Ability to optimize the mix of inventory sources to drive increased gross profit and improvements to our unit economics

We strategically source inventory from auctions, consumers, rental car companies and dealers. Auctions and consumers represent the vast majority of our inventory sources, accounting for approximately 52% and 36% of our retail inventory sold in 2019, respectively, and 48% and 36% for the three months ended March 31, 2020. Because the quality of vehicles and associated gross margin profile vary across each channel, the mix of inventory sources has an impact on our profitability. We continually evaluate the optimal mix of sourcing channels and will source vehicles in a way that maximizes our average gross profit per unit and improves our unit economics. For example, purchasing vehicles at third-party auctions is competitive and, consequently, vehicle prices at third-party auctions tend to be higher than vehicle prices for vehicles sourced directly from consumers. Accordingly, as part of our sourcing strategy, we seek to increase the percentage of vehicle sales that we source from consumers.

Our ability to increase the percentage of inventory sourced directly from consumers will depend on the popularity and success of our ecommerce platform. In order to continue to increase the percentage of vehicles that we source directly from consumers, we are expanding our national marketing efforts that are focused on our Sell Us Your Car® proposition, which we believe will result in more customers gaining familiarity with our platform. We expect that, as consumers experience the convenience of our platform to sell or trade in their used vehicles, the percentage of inventory we source directly from consumers will continue to grow.

We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure.

Ability to expand and optimize our reconditioning capacity to satisfy increasing demand

Our ability to recondition purchased vehicles to our quality standards is a critical component of our business. Historically, we have successfully increased our reconditioning capacity as our business has grown, and our future success will depend on our ability to expand and optimize our reconditioning capacity to satisfy increasing customer demand. We employ a hybrid approach that combines the use of our Vroom VRC and third-party VRCs to best meet our reconditioning needs.

We expect that over time our per unit costs in our Vroom VRC will be lower than those in third-party VRCs because our Vroom VRC benefits from greater scale and from our continued investment in manufacturing technology. In 2019, we significantly increased our reconditioning capacity within our Vroom VRC by overhauling our operations and applying lean manufacturing techniques and other software-enabled technological advances. As we continue to grow our business, we intend to continue to invest in increased reconditioning capacity and operational efficiency through third-party VRC locations and going forward we expect to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility. Additionally, our use of third-party VRCs to recondition vehicles allows us to avoid additional capital expenditures, quickly increase capacity, maintain greater operational flexibility and broaden our geographic footprint to drive lower logistics costs. In 2019 and 2020, we expanded our third-party VRC operations by adding eleven additional VRCs across the nation for a current total of thirteen. See “—Liquidity and Capital Resources.”

We leverage our data analytics and deep industry experience to strategically select both Vroom VRCs and third-party VRCs in locations where we believe there is the highest supply and demand for our vehicles. We expect that our continued investment in reconditioning capacity and technology will

lower our reconditioning costs per unit and drive greater operational efficiency, higher gross profit per unit and improved unit economics.

Ability to expand and develop our logistics network

We primarily use third-party carriers and are developing a hybrid strategy to build out our proprietary logistics network. We are in the process of optimizing our third-party logistics network nationally through the development of strategic carrier arrangements with national haulers. As we continue to grow, we plan to significantly consolidate our carrier base into dedicated operating regions. We expect that these enhanced logistics operations, combined with the expansion of strategically located VRCs, will drive lower inbound and outbound logistics costs, thus lowering costs per unit. Our VRCs also serve as pooling points to aggregate acquired vehicles and can serve as hubs for staging vehicles for last-mile delivery to customers, which we expect will result in an improved experience for customers. We recently launched a number of enhancements to our last-mile delivery service to enrich our customer experience. We expect that these enhancements will result in an increase in outbound shipping costs, thereby increasing our SG&A expenses. However, we expect any such increase to be offset by certain cost efficiencies gained from improvements in our reconditioning and logistics operations, which will ultimately lead to reduced total costs per unit. Over time, we expect that optimizing our logistics network will result in improved unit economics, increased profitability and an enhanced customer experience.

Ability to increase and better monetize value-added products

Our offering of value-added products is an integral part of providing a seamless vehicle-buying experience to our customers. These products provide added revenue streams for us as well as offering convenience, assurance and efficiency for our customers. We sell our third-party value-added products through our strategic relationships with multiple lenders and other third parties who bear the incremental risks associated with the underwriting of finance and protection products. In the fourth quarter of 2019 and first quarter of 2020, we entered into strategic partnerships with lenders such as Chase and Santander which have contributed to improvements in Product GPPU. Additionally, through our on-going data analytics, experimentation and further development of our ecommerce technology, we expect to increase attachment rates of our existing value-added products while finding new opportunities to include additional finance and protection and other value-added products. Because we are paid fees on value-added products we sell, our gross profit is equal to the revenue we generate on such sales. As a result, such sales help drive total gross profit per unit. We expect that, as we scale our business, we will increase the breadth and variety of value-added products offered to customers and improve attachment rates to our vehicle sales, which in turn will grow revenue and drive profitability.

Seasonality

Used vehicle sales are seasonal. The used vehicle industry typically experiences an increase in sales early in the calendar year and reaches its highest point late in the first quarter and early in the second quarter. Vehicle sales then level off through the rest of the year, with the lowest level of sales in the fourth quarter. This seasonality has historically corresponded with the timing of income tax refunds, which are an important source of funding for vehicle purchases. Additionally, used vehicles depreciate at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year. In line with these macro trends, our gross profit per unit has historically been higher in the first half of the year when compared to the second half of the year. See “Risk Factors—Risks Related to Our Business—We may experience seasonal and other fluctuations in our quarterly results of operations, which may not fully reflect the underlying performance of our business.”

Components of Results of Operations

Revenue

Retail vehicle revenue

We sell vehicles through both our ecommerce platform and TDA. Revenue from vehicle sales, including any delivery charges, are recognized when vehicles are delivered to the customers or picked up at our TDA retail location, net of a reserve for estimated returns. The number of units sold and the average selling price per unit are the primary factors impacting our retail revenue stream.

The number of units sold depends on the volume of inventory and the selection of vehicles listed on our ecommerce platform, our ability to attract new customers, our brand awareness and our ability to expand our reconditioning operations and logistics network.

Average selling price per unit sold depends primarily on our pricing strategy, retail used car market prices, our average days to sale and our reconditioning and logistics costs.

Historically, we have focused our inventory on low-mileage, high-demand vehicles with average selling prices of approximately $30,000. As we ramp up our vehicle acquisitions following our strategic decision to reduce inventory in response to the COVID-19 pandemic, and as we scale our business going forward, we intend to strategically take advantage of a broader portion of the used vehicle market by adding more lower priced vehicles to our inventory. This will allow us to expand our vehicle selection, while potentially decreasing the average selling price per unit in any given period. See “—Impact of COVID-19”

Wholesale vehicle revenue

We sell vehicles that do not meet our Vroom retail sales criteria through third-party wholesale auctions. Vehicles sold at auction are acquired from customers who trade-in their vehicles when making a purchase from us and also from customers who sell their vehicle to us in direct-buy transactions. The number of wholesale vehicles sold and the average selling price per unit are the primary drivers of wholesale revenue. The average selling price per unit is affected by the mix of the vehicles we acquire and general supply and demand conditions in the wholesale market.

Product revenue

We generate revenue by earning fees on sales of value-added products to our customers in connection with vehicle sales, including fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products, such as extended warranty contracts, GAP protection and wheel and tire coverage. We earn fees on these products pursuant to arrangements with the third parties that sell and administer these products. For accounting purposes, we are an agent for these transactions and, as a result, we recognize fees on a net basis when the customer enters into an arrangement to purchase these products or obtain third-party financing, which is typically at the time of a vehicle sale. Our gross profit on product revenue is equal to the revenue we generate.

Product revenue is affected by the number of vehicles sold, the attachment rate of value-added products and the amount of fees we receive on each product. Product revenue also consists of estimated profit-sharing amounts to which we are entitled based on the performance of third-party protection products once a required claims period has passed. See “—Critical Accounting Policies and Estimates —Revenue Recognition—Product Revenue.”

A portion of the fees we receive is subject to chargeback in the event of early termination, default, or prepayment of the contracts by our customers. We recognize product revenue net of reserves for estimated chargebacks.

Other revenue

Other revenue consists of labor and parts revenue earned by us for vehicle repair services at TDA. In 2018, other revenue also included auction fees earned from a local wholesale auction previously hosted by TDA.

See “Note 2—Summary of Significant Accounting Policies—Accounting Standards Adopted” and “Note 3—Revenue Recognition” to our consolidated financial statements included elsewhere in this prospectus.

Cost of sales

Cost of sales primarily includes the costs to acquire vehicles, inbound transportation costs and direct and indirect reconditioning costs associated with preparing vehicles for sale. Costs to acquire vehicles are primarily driven by the inventory source, vehicle mix and general supply and demand conditions of the used vehicle market. Inbound transportation costs include costs to transport the vehicle to our VRCs. Reconditioning costs include parts, labor and third-party reconditioning costs directly attributable to the vehicle and allocated overhead costs. Cost of sales also includes any accounting adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

Total gross profit

Total gross profit is defined as total revenue less costs associated with such revenue.

Selling, general and administrative expenses

Our selling, general, and administrative expenses, which we refer to as SG&A expenses, consist primarily of advertising and marketing expenses, outbound transportation costs, employee compensation, occupancy costs of our facilities and professional fees for accounting, auditing, tax, legal and consulting services.

We expect that our SG&A expenses will increase in the future as we expand our operations, hire additional employees and continue to increase our marketing spend to build brand awareness and increase consumer traffic on our platform. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with SEC and stock exchange requirements, director and officer insurance costs, and investor and public relations costs.

Depreciation and amortization

Our depreciation and amortization expense primarily includes depreciation related to our leasehold improvements, as well as amortization related to intangible assets acquired in the TDA acquisition and capitalized internal use software costs incurred in the development of our platform and website applications. Depreciation expense related to our Vroom VRC is included in cost of sales in the consolidated statements of operations.

Interest expense

Our interest expense includes interest expense related to our Vehicle Floorplan Facility, which is used to finance our inventory, as well as interest expense on the Term Loan Facility, which was repaid in full in December 2019.

Interest Income

Interest income primarily represents interest credits earned on cash deposits maintained in relation to our Vehicle Floorplan Facility.

Results of Operations

The following table presents our consolidated results of operations for the years and periods indicated:

	Year Ended December 31,			Three Months Ended March 31,		
	2018	2019	% Change	2019	2020	% Change
	(in thousands)			(in thousands) (unaudited)		
Revenue:						
Retail vehicle, net	$656,928	$ 952,910	45.1%	$178,750	$308,710	72.7%
Wholesale vehicle	174,514	213,464	22.3%	52,119	55,578	6.6%
Product, net	19,653	23,708	20.6%	3,745	11,044	194.9%
Other	4,334	1,739	(59.9)%	445	440	(1.1)%
Total revenue	855,429	1,191,821	39.3%	235,059	375,772	59.9%
Cost of sales	794,622	1,133,962	42.7%	223,047	357,385	60.2%
Total gross profit	60,807	57,859	(4.8)%	12,012	18,387	53.1%
Selling, general and administrative expenses	133,842	184,988	38.2%	36,583	58,380	59.6%
Depreciation and amortization	6,857	6,019	(12.2)%	1,533	966	(37.0)%
Loss from operations	(79,892)	(133,148)	66.7%	(26,104)	(40,959)	56.9%
Interest expense	8,513	14,596	71.5%	2,718	2,826	4.0%
Interest income	(3,135)	(5,607)	78.9%	(1,849)	(1,956)	5.8%
Other (income) expense, net	(321)	673	(309.7)%	63	(823)	(1,406.3)%
Loss before provision for income taxes	(84,949)	(142,810)	68.1%	(27,036)	(41,006)	51.7%
Provision for income taxes	229	168	(26.6)%	103	53	(48.5)%
Net loss	$ (85,178)	$ (142,978)	67.9%	$ (27,139)	$ (41,059)	51.3%

Segments

We manage and report operating results through three reportable segments:

- **Ecommerce (49.3% of 2019 revenue; 62.0% of quarter ended March 31, 2020 revenue**): The Ecommerce segment represents retail sales of used vehicles through our ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales.
- **TDA (32.8% of 2019 revenue; 23.2% of quarter ended March 31, 2020 revenue**): The TDA segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales.
- **Wholesale (17.9% of 2019 revenue; 14.8% of quarter ended March 31, 2020 revenue**): The Wholesale segment represents sales of used vehicles through wholesale auctions.

Three Months Ended March 31, 2019 and 2020

Ecommerce

The following table presents our Ecommerce segment results of operations for the periods indicated:

	Three Months Ended March 31,			
	2019	2020	Change	% Change
	(in thousands, except unit data and average days to sale) (unaudited)			
Ecommerce revenue:				
Vehicle revenue	$88,630	$225,606	$136,976	154.5%
Product revenue	1,225	7,566	6,341	517.6%
Total ecommerce revenue	$89,855	$233,172	$143,317	159.5%
Ecommerce gross profit:				
Vehicle gross profit	$ 4,529	$ 6,701	$ 2,172	48.0%
Product gross profit	1,225	7,566	6,341	517.6%
Total ecommerce gross profit	$ 5,754	$ 14,267	$ 8,513	148.0%
Ecommerce units sold	3,187	7,930	4,743	148.8%
Average vehicle selling price per ecommerce unit	$27,810	$ 28,450	$ 640	2.3%
Gross profit per ecommerce unit:				
Vehicle gross profit per ecommerce unit	$ 1,421	$ 845	$ (576)	(40.5)%
Product gross profit per ecommerce unit	385	954	569	147.8%
Total gross profit per ecommerce unit	$ 1,806	$ 1,799	$ (7)	(0.4)%
Ecommerce average days to sale	64	68	4	6.3%

Ecommerce units

Ecommerce units sold increased 4,743, or 148.8%, to 7,930 for the three months ended March 31, 2020 from 3,187 for the three months ended March 31, 2019, driven by our increased inventory levels, process improvements in our ecommerce platform and our national advertising campaign which continues to strengthen our national brand awareness. Average monthly unique visitors to our website increased by 130.1% to 947,014 for the three months ended March 31, 2020 from 411,489 for the three months ended March 31, 2019. We expect ecommerce units sold to continue to grow in the future as we increase our inventory selection and marketing efforts and improve conversion.

Vehicle Revenue

Ecommerce vehicle revenue increased $137.0 million, or 154.5%, to $225.6 million for the three months ended March 31, 2020 from $88.6 million for the three months ended March 31, 2019. Of this increase, $131.9 million was attributable to the increase in ecommerce units sold, while $5.1 million of the increase was driven by a higher average selling price per unit, which increased to $28,450 for the three months ended March 31, 2020 from $27,810 for the three months ended March 31, 2019. While we believe that our average selling price per unit will decrease as we scale our business, we expect ecommerce vehicle revenue will continue to grow driven by increases in ecommerce units sold. The positive sales momentum experienced in 2019 continued for the three months ended March 31, 2020. During the last three weeks of March 2020, the escalation of the COVID-19 pandemic within the United States negatively impacted consumer demand and ecommerce revenue. However, due to our strategic

decision to reduce vehicle pricing in order to drive vehicle sales, we maintained the number of ecommerce units sold at pre-COVID levels.

Product Revenue

Ecommerce product revenue increased $6.3 million, or 517.6%, to $7.5 million for the three months ended March 31, 2020 from $1.2 million for the three months ended March 31, 2019. Of this increase, $4.5 million was driven by an increase in product revenue per unit, while $1.8 million was attributable to the increase in ecommerce units sold. Product revenue per unit increased by $569 to $954 for the three months ended March 31, 2020 from $385 for the three months ended March 31, 2019, which was primarily due to the mix of products sold, higher attachment rates, improved financing features in our ecommerce platform and our strategic partnerships. We expect ecommerce product revenue will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

Vehicle Gross Profit

Ecommerce vehicle gross profit increased $2.2 million, or 48.0%, to $6.7 million for the three months ended March 31, 2020 from $4.5 million for the three months ended March 31, 2019. Of this increase, $6.7 million was attributable to the increase in ecommerce units sold, partially offset by a $4.5 million decrease related to lower vehicle gross profit per unit for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Vehicle gross profit per unit decreased by $576 from $1,421 for the three months ended March 31, 2019 to $845 for the three months ended March 31, 2020 as we continued to sell through the inventory originally reconditioned in 2019 and early 2020 at higher costs per unit. Additionally, during the last three weeks of March 2020, the escalation of the COVID-19 pandemic within the United States negatively impacted consumer demand and ecommerce revenue. Due to our strategic decision to reduce vehicle pricing in order to drive vehicle sales, the number of ecommerce units sold returned to the pre-COVID-19 levels, however at reduced gross profit per unit. Finally, ecommerce vehicle gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $6.1 million to reflect its net realizable value as of March 31, 2020.

As we continue to mature our infrastructure, increase the number of VRCs and optimize our network of VRCs, we expect ecommerce vehicle gross profit per unit to increase in the future driven by reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

Ecommerce product gross profit increased $6.3 million, or 517.6%, to $7.5 million for the three months ended March 31, 2020 from $1.2 million for the three months ended March 31, 2019. Of this increase, $4.5 million was related to higher product gross profit per unit, while $1.8 million was attributable to the increase in ecommerce units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. The increase in product gross profit per unit was attributable to the mix of products sold, higher attachment rates, improved financing features in our e-commerce platform and our strategic partnerships. We expect ecommerce product gross profit will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

TDA

The following table presents our TDA segment results of operations for the periods indicated:

	Three Months Ended March 31,		Change	% Change
	2019	2020		
	(in thousands, except unit data and average days to sale) (unaudited)			
TDA revenue:				
Vehicle revenue	$90,120	$83,106	$(7,014)	(7.8)%
Product revenue	2,521	3,477	956	37.9%
Other	444	439	(5)	(1.1)%
Total TDA revenue	$93,085	$87,022	$(6,063)	(6.5)%
TDA gross profit:				
Vehicle gross profit	$ 3,407	$ 1,781	$(1,626)	(47.7)%
Product gross profit	2,521	3,477	956	37.9%
Other gross profit	149	154	5	3.4%
Total TDA gross profit	$ 6,077	$ 5,412	$ (665)	(10.9)%
TDA units sold	3,370	3,035	(335)	(9.9)%
Average vehicle selling price per TDA unit	$26,742	$27,383	$ 641	2.4%
Gross profit per TDA unit:				
Vehicle gross profit per TDA unit	$ 1,011	$ 586	$ (425)	(42.0)%
Product gross profit per TDA unit	748	1,146	398	53.2%
Total gross profit per TDA unit	$ 1,759	$ 1,732	$ (27)	(1.5)%
TDA average days to sale	53	50	(3)	(5.7)%

TDA units

TDA units sold decreased 335, or 9.9%, to 3,035 for the three months ended March 31, 2020 from 3,370 for the three months ended March 31, 2019. Although, our physical retail location remained open, the consumer demand for vehicles at TDA declined in the second half of March 2020 due to government mandated “stay-home” orders related to the COVID-19 pandemic and other disruptions related to COVID-19. We expect our TDA units sold will continue to be negatively impacted by the COVID-19 pandemic, but the extent and duration of the impact is uncertain at this time.

Vehicle Revenue

TDA vehicle revenue decreased $7.0 million, or 7.8%, to $83.1 million for the three months ended March 31, 2020 from $90.1 million for the three months ended March 31, 2019. Of this decrease, $9.0 million was driven by a decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, partially offset by higher average selling price per unit, which increased to $27,383 for the three months ended March 31, 2020 from $26,742 in 2019. We expect our vehicle revenue will continue to be negatively impacted by the COVID-19 pandemic, but the extent and duration of the impact is uncertain at this time.

Product Revenue

TDA product revenue increased $1.0 million, or 37.9% to $3.5 million for the three months ended March 31, 2020 from $2.5 million for the three months ended March 31, 2019. Of this increase,

$1.2 million was driven by a $398 increase in product revenue per unit, partially offset by a $0.2 million decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019.

Other Revenue

TDA other revenue remained relatively flat for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Vehicle Gross Profit

TDA vehicle gross profit decreased $1.6 million, or 47.7%, to $1.8 million for the three months ended March 31, 2020 from $3.4 million for the three months ended March 31, 2019. Of this decrease, $1.3 million was attributable to a decrease in TDA vehicle gross profit per unit, while $0.3 million was attributable to the decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Our national inventory is sold through both our TDA and Ecommerce segments. Because of the geographic proximity, most of the inventory sold by TDA is reconditioned in our Vroom VRC. Accordingly, the higher than expected demand we experienced in the Ecommerce segment impacted the cost efficiency of our Vroom VRC, which contributed to the decrease in TDA vehicle gross profit per unit in 2019. We expect our vehicle gross profit to continue to be negatively impacted by the COVID-19 pandemic and limited consumer demand at TDA, but the extent and duration of the impact is uncertain at this time.

We expect that our continued investments in scaling our ecommerce infrastructure will also increase TDA vehicle gross profit per unit in the future through a more optimal distribution of VRCs and reduced costs across acquisitions, logistics and reconditioning. Due to the COVID-19 pandemic, TDA vehicle gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $2.9 million to reflect its net realizable value as of March 31, 2020.

Product Gross Profit

TDA product gross profit increased $1.0 million, or 37.9%, to $3.5 million for the three months ended March 31, 2020 from $2.5 million for the three months ended March 31, 2019. Of this increase, $1.2 million was attributable to an increase in product gross profit per unit, partially offset by a $0.2 million decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Product gross profit per unit increased to $1,146 for the three months ended March 31, 2020 from $748 for the three months ended March 31, 2019.

Other gross profit

TDA other gross profit remained relatively flat for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Wholesale

The following table presents our Wholesale segment results of operations for the periods indicated:

	Three Months Ended March 31,		Change	% Change
	2019	2020		
	(in thousands, except unit data) (unaudited)			
Wholesale revenue	$52,119	$55,578	$ 3,459	6.6%
Wholesale gross profit	$ 181	$ (1,292)	$(1,473)	(813.8)%
Wholesale units sold	5,230	4,685	(545)	(10.4)%
Average selling price per unit	$ 9,965	$11,863	$ 1,898	19.0%
Wholesale gross profit per unit	$ 35	$ (276)	$ (311)	(888.6)%

Units

Wholesale units sold decreased 545, or 10.4%, to 4,685 for the three months ended March 31, 2020 from 5,230 for the three months ended March 31, 2019, primarily driven by a decrease in the number of trade-in vehicles associated with the lower amount of TDA units sold as well as a decrease in the number of vehicles acquired through our Sell Us Your Car® centers, which have historically been sold in wholesale auctions.

Revenue

Wholesale revenue increased $3.5 million, or 6.6%, to $55.6 million for the three months ended March 31, 2020 from $52.1 million for the three months ended March 31, 2019. Of this increase, $8.9 million was attributable to a higher average selling price per wholesale units which increased to $11,863 for the three months ended March 31, 2020 from $9,965 for the three months ended March 31, 2019 primarily driven by the sale of retail quality vehicles through the wholesale auctions as we reduced our inventory levels in order to respond to the decreased consumer demand due to the COVID-19 pandemic. The increase was partially offset by a $5.4 million decrease related to lower number of wholesale units sold.

Gross Profit

Wholesale vehicle gross profit decreased $1.5 million from gross profit of $0.2 million for the three months ended March 31, 2019 to gross loss of $1.3 million for the three months ended March 31, 2020. The decrease was primarily attributable to a $311 decrease in wholesale gross profit per unit for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Due to the COVID-19 pandemic, wholesale gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $1.8 million to reflect its net realizable value as of March 31, 2020.

Selling, general and administrative expenses

	Three Months Ended March 31,			
	2019	2020	Change	% Change
	(in thousands) (unaudited)			
Compensation & benefits	$15,492	$20,321	$ 4,829	31.2%
Marketing expense	7,100	17,915	10,815	152.3%
Outbound logistics	2,294	5,792	3,498	152.5%
Occupancy and related costs	2,286	2,697	411	18.0%
Professional services	2,653	2,459	(194)	(7.3)%
Other	6,758	9,196	2,438	36.1%
Total selling, general & administrative expenses	$36,583	$58,380	$21,797	59.6%

Selling, general and administrative expenses increased $21.8 million, or 59.6%, to $58.4 million for the three months ended March 31, 2020, from $36.6 million for the three months ended March 31, 2019. The increase was primarily due to a $10.8 million increase in advertising and marketing efforts as we expanded our national broad-reach advertising, a $4.8 million increase in compensation and benefits due to an increase in employee headcount throughout the organization as our business scaled and a $3.5 million increase in outbound logistics costs attributable to the growth in our ecommerce business. However, as discussed under the heading “—Impact of COVID-19” above, we implemented certain measures in response to COVID-19 disruptions to reduce operating expenses by placing on furlough approximately one-third of our workforce, salary reduction of our non-furloughed salaried employees and reduction of marketing spend. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions.

Depreciation and amortization

Depreciation and amortization expenses decreased $0.6 million, or 37.0%, to $0.9 million for the three months ended March 31, 2020 from $1.5 million for the three months ended March 31, 2019. The decrease was primarily due to reduced amortization expense as certain intangible assets were fully amortized.

Interest expense

Interest expense increased $0.1 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Interest expense increased $0.9 million as a result of an increase in the outstanding balance of the Vehicle Floorplan Facility. The increase was partially offset by a $0.8 million decrease in interest expense for the Eastward Term Loan Facility as the outstanding balance was repaid in full in December 2019.

Interest income

Interest income remained relatively flat for the three months ended March 31, 2020, as compared to the three months ended March 31, 2109. Interest income primarily relates to interest earned on cash deposits maintained with Ally Bank.

Years Ended December 31, 2018 and 2019

Ecommerce

The following table presents our Ecommerce segment results of operations for the years indicated:

	Year Ended December 31,		Change	% Change
	2018	2019		
	(in thousands, except unit data and average days to sale)			
Ecommerce revenue:				
Vehicle revenue	$ 295,414	$ 576,998	$281,584	95.3%
Product revenue	5,758	11,116	5,358	93.1%
Total ecommerce revenue	$ 301,172	$ 588,114	$286,942	95.3%
Ecommerce gross profit:				
Vehicle gross profit	$ 16,667	$ 21,011	$ 4,344	26.1%
Product gross profit	5,758	11,116	5,358	93.1%
Total ecommerce gross profit	$ 22,425	$ 32,127	$ 9,702	43.3%
Ecommerce units sold	10,006	18,945	8,939	89.3%
Average vehicle selling price per ecommerce unit	$ 29,524	$ 30,456	$ 932	3.2%
Gross profit per ecommerce unit:				
Vehicle gross profit per ecommerce unit	$ 1,666	$ 1,109	$ (557)	(33.4%)
Product gross profit per ecommerce unit	576	587	11	1.9%
Total gross profit per ecommerce unit	$ 2,242	$ 1,696	$ (546)	(24.4%)
Ecommerce average days to sale	59	68	9	15.3%

Ecommerce units

Ecommerce units sold increased 8,939, or 89.3%, to 18,945 in 2019 from 10,006 in 2018, driven by our increased inventory levels, process improvements in our ecommerce platform and our national advertising campaign, which began in February 2019 and has strengthened our national brand awareness. Average monthly unique visitors to our website increased to 653,216 in 2019 from 291,772 in 2018. We expect ecommerce units sold to continue to grow in the future as we increase our inventory selection and marketing efforts, and improve conversion.

Vehicle Revenue

Ecommerce vehicle revenue increased $281.6 million, or 95.3%, to $577.0 million in 2019 from $295.4 million in 2018. Of this increase, $263.9 million was attributable to the increase in ecommerce units sold, while $17.7 million of the increase was driven by a higher average selling price per unit, which increased to $30,456 in 2019 from $29,524 in 2018. While we believe that over time our average selling price per unit will decrease as we scale our business, we expect ecommerce vehicle revenue will continue to grow driven by increases in ecommerce units sold.

Product Revenue

Ecommerce product revenue increased $5.4 million, or 93.1%, to $11.1 million in 2019 from $5.8 million in 2018. Of this increase, $5.2 million was attributable to the increase in ecommerce units sold,

while $0.2 million was driven by an increase in product revenue per unit. Product revenue per unit increased $11 to $587 in 2019 from $576 in 2018, which was primarily due to the mix of products sold in 2019. We expect ecommerce product revenue will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

Vehicle Gross Profit

Ecommerce vehicle gross profit increased $4.3 million, or 26.1%, to $21.0 million in 2019 from $16.7 million in 2018. Of this increase, $14.9 million was attributable to the increase in ecommerce units sold, partially offset by a $10.6 million decrease related to lower vehicle gross profit per unit in 2019, as compared to 2018. Vehicle gross profit per unit decreased by $557 from $1,666 in 2018 to $1,109 in 2019, primarily driven by higher than expected demand for our vehicles during a period in which we were still building out our infrastructure. As the significant growth in consumer demand exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period, we elected to prioritize meeting the higher demand over certain cost efficiencies in 2019. As we continue to scale our infrastructure, increase the number of VRCs and optimize our network of VRCs, we expect ecommerce vehicle gross profit per unit to increase in the future driven by reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

Ecommerce product gross profit increased $5.4 million, or 93.1%, to $11.1 million in 2019 from $5.8 million in 2018. Of this increase, $5.2 million was attributable to the increase in ecommerce units sold, while $0.2 million was related to higher product gross profit per unit in 2019, as compared to 2018. We expect ecommerce product gross profit will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

TDA

The following table presents our TDA segment results of operations for the years indicated:

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands, except unit data and average days to sale)			
TDA revenue:				
Vehicle revenue	$ 361,514	$ 375,912	$14,398	4.0 %
Product revenue	13,895	12,592	(1,303)	(9.4)%
Other	4,334	1,739	(2,595)	(59.9)%
Total TDA revenue	$ 379,743	$ 390,243	$10,500	2.8 %
TDA gross profit:				
Vehicle gross profit	$ 19,983	$ 12,069	$ (7,914)	(39.6)%
Product gross profit	13,895	12,592	(1,303)	(9.4)%
Other gross profit	1,247	731	(516)	(41.4)%
Total TDA gross profit	$ 35,125	$ 25,392	$ (9,733)	(27.7)%
TDA units sold	13,193	13,018	(175)	(1.3)%
Average vehicle selling price per TDA unit	$ 27,402	$ 28,876	$ 1,474	5.4 %
Gross profit per TDA unit:				
Vehicle gross profit per TDA unit	$ 1,515	$ 927	$ (588)	(38.8)%
Product gross profit per TDA unit	1,053	967	(86)	(8.2)%
Total gross profit per TDA unit	$ 2,568	$ 1,894	$ (674)	(26.2)%
TDA average days to sale	44	50	6	13.6 %

TDA units

TDA units sold decreased 175, or 1.3%, to 13,018 in 2019 from 13,193 in 2018. We expect TDA units to remain stable in the future.

Vehicle Revenue

TDA vehicle revenue increased $14.4 million, or 4.0%, to $375.9 million in 2019 from $361.5 million in 2018. Of this increase, $19.2 million was driven by a higher average selling price per unit, which increased to $28,876 in 2019 from $27,402 in 2018, partially offset by $4.8 million attributable to the decrease in TDA units sold in 2019, as compared to 2018.

Product Revenue

TDA product revenue decreased $1.3 million, or 9.4% to $12.6 million in 2019 from $13.9 million in 2018. Of this decrease, $1.1 million was driven by a $86 decrease in product revenue per unit, while $0.2 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018.

Other Revenue

TDA other revenue decreased $2.6 million, or 59.9%, to $1.7 million in 2019 from $4.3 million in 2018. The decrease was primarily attributable to a decrease in auction fees earned from a local TDA hosted wholesale auction that was strategically terminated in November 2018 in favor of utilizing national third-party wholesale auctions.

Vehicle Gross Profit

TDA vehicle gross profit decreased $7.9 million, or 39.6%, to $12.1 million in 2019 from $20.0 million in 2018. Of this decrease, $7.6 million was attributable to a decrease in TDA vehicle gross profit per unit, while $0.3 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018. Our national inventory is sold through both our TDA and Ecommerce segments. Because of the geographic proximity, most of the inventory sold by TDA is reconditioned in our Vroom VRC. Accordingly, the higher than expected demand we experienced in the Ecommerce segment impacted the cost efficiency of our Vroom VRC, which contributed to the decrease in TDA vehicle gross profit per unit in 2019. We expect that our continued investments in scaling our ecommerce infrastructure will also increase TDA vehicle gross profit per unit in the future through a more optimal distribution of VRCs and reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

TDA product gross profit decreased $1.3 million, or 9.4%, to $12.6 million in 2019 from $13.9 million in 2018. Of this decrease, $1.1 million was attributable to a decrease in product gross profit per unit, while $0.2 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018. Product gross profit per unit decreased to $967 in 2019 from $1,053 in 2018.

Other gross profit

TDA other gross profit decreased $0.5 million, or 41.4%, to $0.7 million in 2019 from $1.2 million in 2018. The decrease in TDA other gross profit was primarily attributable to the decrease of $2.6 million in TDA other revenue driven primarily by the decrease in auction fees earned from the local TDA hosted wholesale auction which was terminated in November 2018.

Wholesale

The following table presents our Wholesale segment results of operations for the years indicated:

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands, except unit data)			
Wholesale revenue	$ 174,514	$ 213,464	$38,950	22.3%
Wholesale gross profit	$ 3,257	$ 340	$ (2,917)	(89.6%)
Wholesale units sold	18,427	20,197	1,770	9.6%
Average selling price per unit	$ 9,471	$ 10,569	$ 1,099	11.6%
Wholesale gross profit per unit	$ 177	$ 17	$ (160)	(90.5%)

Units

Wholesale units sold increased 1,770, or 9.6%, to 20,197 in 2019 from 18,427 in 2018 primarily driven by an increase in the number of trade-in vehicles associated with the increased number of ecommerce units sold in 2019.

Revenue

Wholesale revenue increased $39.0 million, or 22.3%, to $213.5 million in 2019 from $174.5 million in 2018. Of this increase, $16.8 million was attributable to the increase in wholesale units sold, while $22.2 million was attributable to a higher average selling price per wholesale unit which increased to $10,569 in 2019 from $9,471 in 2018.

Gross Profit

Wholesale vehicle gross profit decreased $2.9 million, or 89.6%, to $0.3 million in 2019, from $3.3 million in 2018. Of this decrease, $3.2 million was attributable to a $160 decrease in wholesale gross profit per unit, partially offset by a $0.3 million increase attributable to the increase in wholesale units sold in 2019, as compared to 2018.

Selling, general and administrative expenses

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands)			
Compensation & benefits	$ 63,024	$ 72,473	$ 9,449	15.0%
Marketing expense	25,557	49,866	24,309	95.1%
Outbound logistics	6,403	13,950	7,547	117.9%
Occupancy and related costs	12,376	11,335	(1,041)	(8.4)%
Professional Services	2,624	11,560	8,936	340.5%
Other	23,858	25,804	1,946	8.2%
Total selling, general & administrative expenses	$ 133,842	$ 184,988	$51,146	38.2%

Selling, general and administrative expenses increased $51.1 million, or 38.2%, to $185.0 million for the year ended December 31, 2019, from $133.8 million in 2018. The increase was primarily due to a $24.3 million increase in advertising and marketing efforts as we expanded our national broad-reach advertising, a $9.4 million increase in compensation & benefits due to an increase in employee headcount throughout the organization as our business scales, a $8.9 million increase in professional expenses primarily related to preparing to become a public company and a $7.5 million increase in outbound logistics costs attributable to the growth in our ecommerce business.

Depreciation and amortization

Depreciation and amortization expenses decreased $0.8 million, or 12.2%, to $6.1 million for the year ended December 31, 2019 from $6.9 million in 2018. The decrease was primarily due to reduced depreciation as a result of the disposal and write-off of certain properties in 2018.

Interest expense

Interest expense increased $6.1 million, or 71.5%, to $14.6 million for the year ended December 31, 2019 from $8.5 million in 2018. The increase was primarily attributable to higher inventory and a corresponding higher balance outstanding on our Vehicle Floorplan Facility in 2019.

Interest Income

Interest income increased $2.5 million, or 78.9%, to $5.6 million from $3.1 million related to interest earned on increased cash deposits maintained with Ally Bank.

Quarterly Key Metrics and Results of Operations Supplemental data

The following table sets forth our key metrics and unaudited quarterly financial information for each of the nine most recent quarters for the period ended March 31, 2020. We have prepared the unaudited quarterly results of operations data on a consistent basis with the consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the quarterly results of operations data reflect all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. This information should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of results for a full year or for any future period.

	Three Months Ended,								
	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020
	(in thousands, except unit data and average days to sale) (unaudited)								
Total revenues	$ 230,011	$ 213,007	$ 211,824	$ 200,587	$ 235,059	$ 260,897	$ 340,273	$ 355,592	$ 375,772
Total gross profit	$ 15,861	$ 17,219	$ 16,404	$ 11,323	$ 12,012	$ 13,845	$ 15,671	$ 16,331	$ 18,387
Ecommerce revenue	$ 80,038	$ 63,932	$ 77,804	$ 79,398	$ 89,855	$ 120,953	$ 178,113	$ 199,193	$ 233,172
Ecommerce gross profit	$ 4,965	$ 5,795	$ 6,637	$ 5,028	$ 5,754	$ 7,295	$ 8,774	$ 10,304	$ 14,267
Vehicle gross profit per ecommerce unit	$ 1,461	$ 2,209	$ 1,941	$ 1,178	$ 1,421	$ 1,274	$ 929	$ 1,010	$ 845
Product gross profit per ecommerce unit	405	618	574	715	385	618	648	616	954
Total gross profit per ecommerce unit	$ 1,866	$ 2,827	$ 2,515	$ 1,893	$ 1,806	$ 1,892	$ 1,577	$ 1,626	$ 1,799
Ecommerce units sold	2,661	2,050	2,639	2,656	3,187	3,856	5,563	6,339	7,930
TDA units sold	3,778	3,577	2,989	2,849	3,370	2,792	3,282	3,574	3,035
Wholesale units sold	4,702	4,659	4,906	4,160	5,230	5,396	5,420	4,151	4,685
Average monthly unique visitors	246,113	190,912	267,297	462,764	411,489	628,659	777,313	795,405	947,014
Vehicles available for sale	2,039	2,473	2,494	3,421	2,963	4,550	5,256	4,956	5,107
Ecommerce average days to sale	68	53	54	57	64	64	71	68	68
Total selling, general, and administrative expenses	$ 38,065	$ 28,202	$ 28,378	$ 39,197	$ 36,583	$ 43,692	$ 50,934	$ 53,779	$ 58,380

Quarterly Trends

Ecommerce revenue trends

Our ecommerce revenue typically varies seasonally, with the used vehicle industry usually experiencing an increase in sales that reaches its highest point late in the first quarter and early in the second quarter, which then diminishes through the rest of the year with the lowest level of sales in the fourth quarter. This seasonality typically corresponds with the timing of income tax refunds.

Ecommerce revenue fluctuated during 2018 due primarily to seasonality, but increased significantly during 2019 and into 2020 because of the increase in ecommerce units sold attributable to our increased inventory levels, process improvements in our ecommerce platform and strengthening of our national brand awareness, as well as higher average selling price per unit. This increase was a continuation of accelerating growth we saw in the second half of 2019 when we meaningfully grew our inventory acquisitions, vehicles available for sale and national marketing campaigns to drive and convert consumer demand. We expect ecommerce to continue to grow driven by increases in ecommerce units.

Gross profit trends

Our quarterly ecommerce gross profit in 2018, 2019 and the first quarter of 2020 increased consistently from approximately $5.0 million in the first quarter of 2018 to $14.3 million in the first quarter of 2020, or approximately 187%. This increase was primarily attributable to increases in ecommerce units sold, partially offset by decreased gross profit per ecommerce units sold.

Selling, general and administrative expense trends

Our quarterly total selling, general & administrative expenses increased consistently from the first quarter of 2019, primarily due to increased advertising and marketing expenses as we expanded our national broad-reach advertising to build brand awareness and increase consumer traffic on our ecommerce platform. We also incurred increased compensation and benefits expenses due to an increase in employee headcount throughout the organization as our business scaled, as well as increased outbound logistics costs attributable to the growth in our ecommerce business.

Liquidity and Capital Resources

Our operations historically have been financed primarily from the sale of redeemable convertible preferred stock and borrowings under our Vehicle Floorplan Facility and our Term Loan Facility. As of March 31, 2020, we had cash and cash equivalents of $169.8 million.

For the year ended December 31, 2019 and the three months ended March 31, 2020, we had negative cash flow from operations of approximately $215.6 million and $25.1 million, respectively, and generated a net loss of approximately $143.0 million and $41.1 million, respectively. We have not been profitable since our inception in 2012 and had an accumulated deficit of approximately $616.1 million as of March 31, 2020. We expect to incur additional losses in the future.

Pursuant to a stock purchase agreement between us and certain accredited investors, in November and December 2019 we sold an aggregate of 8,371,664 shares of Series H Preferred Stock at a purchase price of $27.19 per share, for aggregate proceeds of $227.7 million. In January 2020, we sold an aggregate of 982,383 shares of Series H Preferred Stock in exchange for gross proceeds of $26.7 million. The discussion above does not give effect to the Forward Stock Split.

We historically have funded vehicle inventory purchases primarily through our Vehicle Floorplan Facility and, as of March 31, 2020, we had approximately $141.3 million available under such facility to fund future vehicle inventory purchases. In March 2020, we entered into a new vehicle floorplan facility (the “2020 Vehicle Floorplan Facility”) with Ally Bank and Ally Financial, that provides a committed credit line of up to $450.0 million. The commitment on the new facility expires in March 2021. We believe that, upon expiration, we will be able to renew this facility or obtain alternative sources of financing on terms that are acceptable to us, as well as leverage our cash on hand to continue to fund our vehicle purchases. However, there can be no assurance we will be able to do so.

In response to the COVID-19 disruptions, we implemented a number of measures designed to protect the health and safety of our workforce, manage our inventory exposure and conserve liquidity, which include reducing our operating costs, including: furloughing approximately one-third of our workforce, reducing salaries of our executives and employees and strategically evaluated our exposure to inventory and floorplan liability and reducing our marketing expenses. We believe we can continue to take similar actions to the extent necessary to further reduce our operating costs. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions.

Our cash flows from operations may differ substantially from our net loss due to non-cash charges or due to changes in balance sheet accounts. The timing of our cash flows from operating activities can also vary among periods due to the timing of payments made or received. Provided we raise sufficient proceeds in this offering, we anticipate that such proceeds, our existing cash and cash equivalents and the vehicle floorplan facility will be sufficient to support our working capital and capital expenditure requirements for at least the next twelve months. However, there can be no assurance

that we will be able to complete this offering and raise sufficient additional capital or take other actions that will provide us with sufficient liquidity to satisfy our obligations over the next twelve months or maintain sufficient levels of liquidity. Our future capital requirements will depend on many factors, including our rate of revenue growth, our efforts to reduce costs per unit, the expansion of our inventory and sales and marketing activities, investment in our reconditioning and logistics operations, and enhancements to our ecommerce platform. We may be required to seek additional equity or debt financing in the future to fund our operations or to fund our needs for capital expenditures. In the event that additional financing is required, we may not be able to raise it 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, our business, results of operations and financial condition could be adversely affected.

Vehicle Financing

We entered into a vehicle floorplan facility in April 2016, as subsequently amended, with Ally Bank and Ally Financial, which we refer to as our Vehicle Floorplan Facility. As of December 31, 2019, the Vehicle Floorplan Facility consisted of a revolving line of credit with a borrowing capacity of up to $220.0 million that could be used to finance our vehicle inventory.

In March 2020, we entered into the 2020 Vehicle Floorplan Facility, which replaces our prior Vehicle Floorplan Facility. The 2020 Vehicle Floorplan Facility provides a committed credit line of up to $450.0 million which expires in March 2021. The amount of credit available to us under the 2020 Vehicle Floorplan Facility is determined on a monthly basis based on a calculation that considers average outstanding borrowings and vehicle units paid off by us within the three immediately preceding months. Approximately $141.3 million was available under this facility as of March 31, 2020. We may elect to increase our monthly credit line availability by an additional $25.0 million during any three months of each year. Outstanding borrowings are due as the vehicles financed are sold, or in any event, on the maturity date. The 2020 Vehicle Floorplan Facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus a spread of 425 basis points. Under the 2020 Vehicle Floorplan Facility, we are subject to financial covenants that require us to maintain a certain level of equity in the vehicles that are financed, to maintain at least 10% of the outstanding borrowings in cash and cash equivalents, to maintain 10% of the monthly credit line availability on deposit with Ally Bank and to maintain a minimum tangible adjusted net worth of $167.0 million, which is defined as shareholder (deficit) equity plus redeemable convertible preferred stock as determined under GAAP.

Term Loan Facility

On August 11, 2017, we entered into a loan and security agreement with Eastward Fund Management, LLC for a term loan credit facility in an aggregate principal amount of up to $50.0 million. On the closing date, we borrowed $25.0 million of principal and paid a $0.5 million facility fee to the lender and certain other issuance costs that were deducted from the proceeds. As of December 31, 2018, the outstanding balance on the Term Loan Facility, net of unamortized debt issuance costs of $0.7 million was $24.3 million. In December 2019, we repaid in full the outstanding balance of the Term Loan Facility in the amount of $17.9 million.

Cash Flows from Operating, Investing, and Financing Activities

The following table summarizes our cash flows for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020:

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
	(in thousands)		(in thousands) (unaudited)	
Net cash used in operating activities	$ (64,911)	$ (215,636)	$ (37,917)	$ (25,145)
Net cash provided by (used in) investing activities	12,788	(3,528)	(261)	(1,699)
Net cash provided by financing activities	132,375	275,242	15,455	9,600
Net increase (decrease) in cash and cash equivalents	80,252	56,078	(22,723)	(17,244)
Cash, cash equivalents and restricted cash at beginning of period	83,257	163,509	163,509	219,587
Cash, cash equivalents and restricted cash at end of period	$ 163,509	$ 219,587	$ 140,786	$ 202,343

Operating Activities

Net cash flows used in operating activities decreased $12.8 million, or 33.7%, to $25.1 million for the three months ended March 31, 2020, as compared to $37.9 million for the three months ended March 31, 2019. The decrease is primarily attributable to a decrease in working capital requirements, primarily related to a lower inventory levels in response to the COVID-19 pandemic, resulting in a decrease in use of cash of $33.1 million. Additionally, this decrease was partially offset by $10.4 million in incremental net loss after reconciling adjustments and the net cash outflows related to changes in our operating assets and liabilities for the three months ended March 31, 2020, as compared with the three months ended March 31, 2019.

Net cash flows used in operating activities increased $150.7 million, or 232.2%, to $215.6 million for the year ended December 31, 2019, as compared to $64.9 million in 2018. The increase is primarily attributable to $53.1 million in incremental net loss after reconciling adjustments and an increase in working capital requirements as we scale our business, primarily related to an increase in our inventory levels, resulting in an increase in use of cash of $104.8 million.

Investing Activities

Net cash flows used in investing activities increased $1.4 million, to $1.7 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, primarily as a result of increases in capitalization of software development cost.

Net cash flows used in investing activities was $3.5 million for the year ended December 31, 2019, as compared to net cash flows provided by investing activities of $12.8 million in 2018. In 2018, net cash flows provided by investing activities included proceeds received from the sale of certain property and equipment. There were no proceeds received from the sale of property and equipment in 2019.

Financing Activities

Net cash flows provided by financing activities decreased $5.9 million, or 37.9%, to $9.6 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019.

Proceeds from and payments on our Vehicle Floorplan Facility changed from the net cash inflow of $16.2 million for the three months ended March 31, 2019 to the net cash outflow of $8.3 million for the three months ended March 31, 2020, resulting in a net decrease in cash provided by financing activities of $24.5 million, primarily due to a decrease in our working capital requirements related to the decreases in our inventory levels in order to respond to the COVID-19 disruptions. Additionally, for the three months ended March 31, 2020, net cash flow provided by financing activities included a $1.1 million payment of issuance costs related to the 2020 Vehicle Floorplan Facility and $0.8 million of payments related to planned initial public offering costs. These decreases were partially offset by the issuance of $21.7 million of Series H preferred stock, net of issuance costs paid, for the three months ended March 31, 2020.

Net cash flows provided by financing activities increased $142.9 million, or 107.9%, to $275.2 million for the year ended December 31, 2019, as compared to 2018. Net cash flows provided by financing activities in 2019 included the issuance of $227.5 million of Series H preferred stock, as compared to the issuance of $145.9 million of Series G preferred stock in 2018. Additionally, proceeds from and payments on our Vehicle Floorplan Facility increased $343.9 million and $258.0 million, respectively, resulting in a net increase in cash provided by financing activities of $85.9 million for the year ended December 31, 2019, as compared to 2018. These increases were partially offset by $25.2 million of repayments of our long-term debt in 2019.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2019:

	Payments Due by Year				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Vehicle Floorplan Facility (excluding interest)	$173,461	$ 173,461	$ —	$ —	$ —
Operating leases	20,093	5,509	11,139	3,445	—
Other	1,468	352	872	244	—
Total	$195,022	$ 179,322	$12,011	$ 3,689	$ —

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

JOBS Act

We ceased to be an emerging growth company as of December 31, 2019, due to generating more than $1.07 billion in annual revenue for the year ended December 31, 2019. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an “emerging growth company” as defined in the Jobs Act for certain purposes until the earlier of the date on which we complete this offering and December 31, 2020. As such, we intend to take advantage of certain reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- only two years of audited financial statements are required to be included in this prospectus, in addition to any required interim financial statements, and correspondingly reduced disclosure in

this “Management’s Discussion and Analysis of Financial Condition and Results of Operations;” and

- reduced disclosure obligations regarding executive compensation in this prospectus.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can use an extended transition period for complying with new or revised accounting standards. This permits an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We elected to use this extended transition period under the JOBS Act.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures. On an ongoing basis, we evaluate our estimates, including, among others, those related to income taxes, the realizability of inventory, stock-based compensation, revenue-related reserves, as well as impairment of goodwill and long-lived assets. We base our estimates on historical experience, market conditions and on various other assumptions that are believed to be reasonable. Actual results may differ from these estimates.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. For further information, see “Note 2—Summary of Significant Accounting Policies” and “Note 3—Revenue Recognition” in the Notes to Consolidated Financial Statements included elsewhere in this prospectus.

Revenue Recognition

We elected to early adopt ASU 2014-09, *Revenue from Contracts with Customers (“Topic 606”)*, as of January 1, 2018 utilizing the modified retrospective approach applied only to contracts not completed as of the date of adoption.

We recognized a net decrease to accumulated deficit of approximately $1.7 million as of January 1, 2018 due to the cumulative effect of adopting Topic 606.

Revenue consists of retail vehicle sales through our ecommerce platform and TDA retail location, wholesale vehicle sales and other revenues. Revenue also includes delivery charges. Our product revenue consists of fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products, such as extended warranty contracts, GAP protection and wheel and tire coverage.

We recognize revenue upon transfer of control of goods or services to customers, in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. We may collect sales taxes and other taxes from customers on behalf of governmental authorities at the time of sale as required. These taxes are accounted for on a net basis and are not included in revenues or cost of sales.

Our revenue is disaggregated within the consolidated statement of operations and is generated from customers throughout the United States.

Retail Vehicle Revenue

We sell vehicles to our retail customers through our Ecommerce segment and our TDA segment. The transaction price for vehicles is a fixed amount as set forth within the customer contract at the time of sale. Customers frequently trade-in their existing vehicle to apply the amount received for such vehicle towards the transaction price of a purchased vehicle. Trade-in vehicles represent noncash consideration, which we measure at an agreed upon price based on fair value, which is based on external and internal market data for each specific vehicle. We generally satisfy our performance obligation and recognize revenue for vehicle sales at a point in time when the vehicles are delivered to the customers for ecommerce sales or picked up by the customer for TDA sales. The revenue recognized by us includes the agreed upon transaction price, including any delivery charges stated within the customer contract. Revenue excludes any sales taxes, title and registration fees, and other government fees that are collected from customers.

We receive payment for vehicle sales directly from the customer at the time of sale or from third-party financial institutions within a short period of time following the sale if the customer obtains financing. Payments received prior to delivery or pick-up of used vehicles are recorded as “Deferred revenue” within the consolidated balance sheet.

We offer a return policy for used vehicle sales and establish a provision for estimated returns based on historical information and current trends. The reserve for estimated returns is presented gross on the consolidated balance sheet, with an asset recorded in “Prepaid expenses and other current assets” and a refund liability recorded in “Other current liabilities.”

Wholesale Vehicle Revenue

We sell vehicles that do not meet our Vroom retail sales criteria primarily through wholesale auctions. Vehicles sold at auctions are acquired from customers who trade-in their vehicles when making a purchase from us and also from customers who sell their vehicles to us in direct-buy transactions. The transaction price for a wholesale vehicle is a fixed amount that is determined at the auction. We satisfy our performance obligation and recognize revenue for wholesale vehicle sales when the vehicle is sold at auction. The transaction price is typically due and collected within a short period of time following the vehicle sales.

Product Revenue

Our product revenue consists of fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products such as extended warranty contracts, GAP protection and wheel and tire coverage. We sell these products pursuant to arrangements with the third parties that provide these products and are responsible for their fulfilment. We concluded that we are an agent for these transactions because we do not control the products before they are transferred to the customer. As an agent, our performance obligation is to arrange for the third party to provide the products. We recognize product revenues on a net basis when the customer enters into an arrangement for the products, which is typically at the time of a used vehicle sale.

Customers may enter into retail installment sales contracts to finance the purchase of used vehicles. We sell these contracts on a non-recourse basis to various financial institutions. We receive fees from the financial institution based on the difference between the interest rate charged to the customer that purchased the vehicle and the interest rate set by the financial institution. These fees are recognized upon sale and assignment of the installment sales contract to the financial institution.

A portion of the fees earned on these products is subject to chargebacks in the event of early termination, default, or prepayment of the contracts by end-customers. Our exposure for these events

is limited to fees that we receive. An estimated refund liability for chargebacks against the revenue recognized from sales of these products is recorded in the period in which the related revenue is recognized and is based primarily on our historical chargeback experience. We update our estimates at each reporting date. As of December 31, 2018 and 2019 and March 31, 2020, our reserve for chargebacks was approximately $1.7 million, $3.3 million and $3.5 million, respectively.

We also are contractually entitled to receive profit-sharing revenues based on the performance of the protection policies once a required claims period has passed. We recognize profit-sharing revenue to the extent it is probable that it will not result in a significant revenue reversal. We estimate the revenue based on historical claims and cancellation data from our customers, as well as other qualitative assumptions. We reassess the estimate at each reporting period with any changes reflected as an adjustment to revenues in the period identified. As of December 31, 2018 and 2019 and March 31, 2020, we had recognized approximately $4.2 million, $6.9 million and $8.0 million, respectively, related to cumulative profit-sharing payments to which we expect to be entitled.

Other Revenue

Other revenue primarily consists of labor and parts revenue earned by us for vehicle repair services at TDA.

Inventory

Inventory consists of vehicles and parts and accessories and is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification and includes acquisition cost, direct and indirect reconditioning costs, and in-bound transportation costs. Net realizable value is the estimated selling price less costs to complete, dispose and transport the vehicles. We recognize any necessary adjustments to reflect inventory at the lower of cost or net realizable value in cost of sales in the consolidated statements of operations.

Shipping and Handling

Our logistics costs relate to transporting vehicle inventory and are primarily third-party transportation fees. The portion of these costs related to inbound transportation from the point of acquisition to the relevant reconditioning facility is included within inventory and reclassified into cost of sales when the related vehicle is sold. Logistics costs related to delivery vehicles sold to customers are accounted for as costs to fulfil contracts with customers and are included in “Selling, general and administrative expenses” in the consolidated statement of operations and were approximately $6.4 million and $14.0 million for the years ended December 31, 2018 and 2019, respectively, and $2.3 million and $5.8 million for the three months ended March 31, 2019 and 2020, respectively.

Leases

We elected to early adopt Topic 842 as of January 1, 2020 using the modified retrospective approach with any cumulative-effect adjustment to opening retained earnings (accumulated deficit) with no restatement of comparative periods. Upon adoption, we recognized $18.4 million of operating lease liabilities and $17.4 million of operating lease right-of-use assets.

The adoption of Topic 842 did not result in a cumulative effect adjustment to accumulated deficit. We elected to utilize the package of practical expedients for transition which permitted us to not reassess our prior conclusions regarding whether a contract is or contains a lease, lease classification and initial direct costs.

We did not elect the hindsight practical expedient to determine lease terms. We elected the short-term lease recognition exemption for all leases that qualify and the practical expedient to not separate lease and non-lease components of leases.

Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of October 1, or whenever events or changes in circumstances indicate that an impairment may exist.

We have three reporting units: Ecommerce, TDA and Wholesale. In performing our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and our goodwill is not considered to be impaired. However, if based on the qualitative assessment we conclude that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if we elect to bypass the optional qualitative assessment as provided for under GAAP, we proceed with performing the quantitative impairment test.

As a result of developments in the current economic environment related to the COVID-19 pandemic and its impact on the operations of our physical retail location, we determined that an interim quantitative goodwill impairment test was required for the TDA reporting unit as of March 31, 2020. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test. The quantitative impairment test was performed utilizing the discounted cash flow method described further below. The projected cash flows utilized for the impairment test were developed by us to reflect the expected impact from the COVID-19 pandemic based on information that is known or knowable. Given the uncertainties regarding the magnitude and duration of the COVID-19 pandemic and the length of time over which the disruptions caused by COVID-19 will continue, we also performed a sensitivity analysis whereby we adjusted our cash flow projections to assume a slower than expected recovery. The results of the sensitivity analysis indicated that the fair value of the TDA reporting unit would still exceed carrying value.

Given the amount the fair value for the Ecommerce and Wholesale reporting units exceeded their carrying values, and after considering other relevant qualitative factors, we determined that interim goodwill impairment tests were not required for these reporting units as of March 31, 2020, as we determined that it is not more likely than not the fair value is less than the carrying value.

No goodwill impairment was determined to exist for the years ended December 31, 2018 and 2019. In connection with our annual goodwill impairment test as of October 1, 2019, we performed qualitative impairment assessments for each of our reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair values of the reporting units were less than the carrying values. In connection with our annual goodwill impairment test as of October 1, 2018, we performed qualitative impairment assessments for the Ecommerce and Wholesale reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. For our TDA reporting unit in 2018, we determined the most effective approach was to bypass the optional qualitative assessment and perform a quantitative impairment test. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test.

The quantitative goodwill impairment test requires a determination of whether the estimated fair value of a reporting unit is less than its carrying value. We estimate the fair value of our reporting units using an income valuation approach. The income valuation approach is applied using the discounted cash flow method which requires (1) estimating future cash flows for a discrete projection period (2) estimating the terminal value, which reflects the remaining value that the reporting unit is expected to generate beyond the projection period and (3) discounting those amounts to present value at a discount rate which is based on a weighted average cost of capital that considers the relative risk of the cash flows. The income valuation approach requires the use of significant estimates and assumptions, which include revenue growth rates, future gross profit margins and operating expenses used to calculate projected future cash flows, determination of the weighted average cost of capital, and future economic and market conditions. The terminal value is based on an exit multiple which requires significant assumptions regarding the selection of appropriate multiples that consider relevant market trading data. We base our estimates and assumptions on our knowledge of the automotive and ecommerce industries, our recent performance, our expectations of future performance and other assumptions we believe to be reasonable. Actual future results may differ from those estimates. We also make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

Our intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Trademarks	5 years
Technology	4 years

We periodically reassess the useful lives of the definite-lived intangible assets when events or circumstances indicate that useful lives have significantly changed from the previous estimate.

Impairment of Long-Lived Assets

We evaluate long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When impairment indicators are present, the recoverability of an asset is measured by comparing the carrying value of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recognized for the years ended December 31, 2018 and 2019.

Income Taxes

We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as for operating loss and tax credit carry forwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect to recover or settle those temporary differences. We recognize the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. We reduce the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is “more-likely-than-not” that we will not realize some or all of the deferred tax asset. We maintained a full valuation allowance against net deferred tax assets because we determined that is it more likely than not that these assets will not be fully realized based on a current evaluation of expected future taxable income and we are in a cumulative loss position.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon technical merits, it is "more likely than not" that the position will be sustained upon examination. Potential interest and penalties associated with unrecognized tax positions are recognized in income tax expense.

Stock-Based Compensation

We recognize the cost of employee services received in exchange for stock awards based on the fair value of those awards at the date of grant over the requisite service period. We use the Black-Scholes-Merton option-pricing model, which we refer to as Black Scholes option-pricing model, to determine the fair value of our stock-based awards. Estimating the fair value of stock-based awards requires the input of subjective assumptions, including the estimated fair value of our common stock, the expected life of the options, stock price volatility, the risk-free interest rate and expected dividends. The assumptions used in the Black-Scholes option-pricing model represent our best estimates and involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective.

Recently Issued and Adopted Accounting Pronouncements

See "Note 2—Summary of Significant Accounting Policies—Adoption of New Accounting Standards" in the Notes to consolidated Financial Statements included in this prospectus for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted and their potential impact to our consolidated financial statements.

Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of economic losses due to adverse changes in financial market prices and rates. Our primary market risk has been interest rate risk and inflation risk. We do not have material exposure to commodity risk.

Interest Rate Risk

As of December 31, 2018, 2019 and March 31, 2020, we had an outstanding balance under the vehicle floorplan facility of $95.5 million, $173.5 million and $165.2 million, respectively. The vehicle floorplan facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month, plus a spread of 425 basis points. A hypothetical 10% change in interest rates during the years presented would result in a change to annual interest expense of $0.8 million, $1.0 million and $0.3 million for the years ended December 31, 2018 and 2019 as well as the three months ended March 31, 2020, respectively.

As of December 31, 2018, we had an outstanding balance under the Term Loan Facility of $24.3 million net of issuance cost. In December 2019, we repaid in full the outstanding balance of the Term Loan Facility. The Term Loan Facility incurred interest at the one-month LIBOR rate as of the borrowing date.

Inflation Risk

Inflationary factors such as increases in overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of operating expenses as a percentage of revenue, if the selling prices of our products do not increase with these increased costs.

BUSINESS

Our Vision

Build the world's premier platform to research, discover, buy and sell vehicles.

Our Company

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

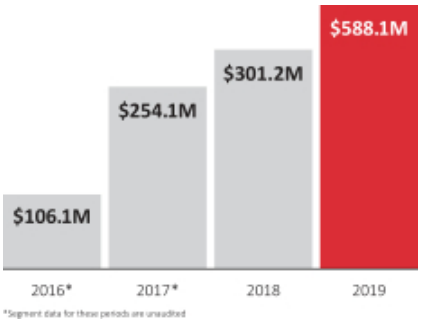
We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions. It also is ripe for disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based TDA, which included our Vroom VRC, our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% CAGR from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018, 2019 and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

Our Industry and Market Opportunity

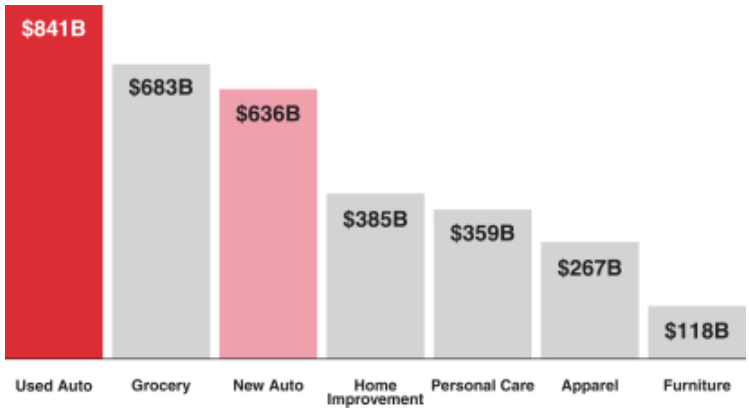
The U.S. used automotive industry is a massive market that is ripe for disruption due to its fragmentation, high level of consumer dissatisfaction, changing consumer buying patterns and lack of ecommerce and technology penetration.

The U.S. Used Automotive Market is Massive

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The used automotive market has sustained growth over time at significant scale, growing by $148 billion from sales of $693 billion in 2015 to $841 billion in 2019.[15]

15 2015 used automotive industry market size calculated from 2015 total units sold and 2015 average selling price according to Edmunds 2019 Report.

Industry Market Size



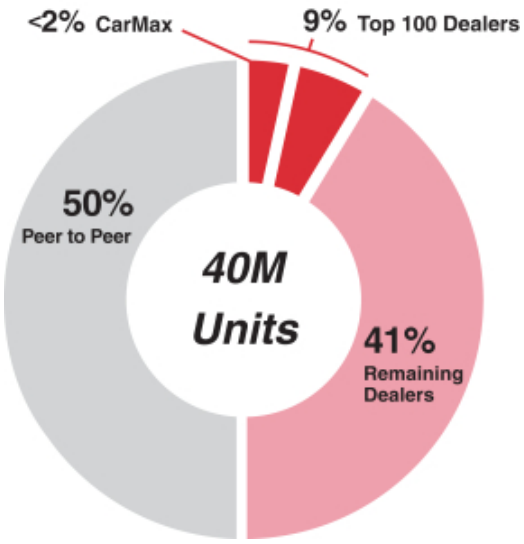
The U.S. Used Automotive Market is Highly Fragmented

Against the massive total addressable market of approximately $841 billion, the used automotive market is highly fragmented with approximately 42,000 automotive dealers and millions of peer-to-peer transactions across the country. Across all used vehicle sales in 2018, the largest U.S. used vehicle dealer had a market-share of only 1.8%, with the top 100 used vehicle dealers collectively representing only 8.6%.

Additionally, distribution of the approximately 40 million used vehicles sold in 2018 is highly fragmented and consists of approximately 20 million vehicles sold by franchised dealers and independent vehicle dealers (50%), which includes limited ecommerce sales, and approximately 20 million units sold by peer-to-peer sellers (50%), all of which represent our total addressable market.[16]

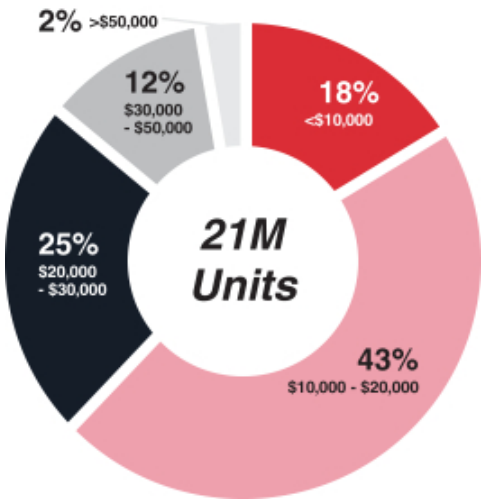
16 Cox Automotive Data.

Market Share by Unit (2018)[17]

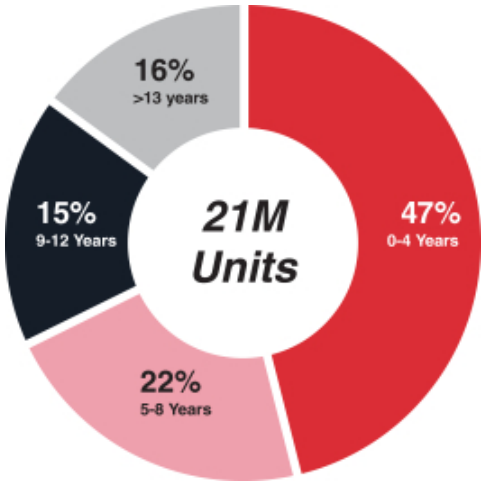


Finally, of the dealership retail vehicles sold in 2019, approximately 39% had a selling price of over $20,000, which is where the majority of our inventory is priced. In addition, approximately 47% were less than five years old, which is the average age of our inventory. With close to 19,000 units sold in 2019, we addressed 0.2% of each of retail units priced over $20,000 and retail units below five years in age.

Retail Units Sold Distribution by Price (2019)[18]



Retail Units Sold Distribution by Age (2019)[19]



17 See footnote 5 for CarMax and top 100 dealers market share calculation. Market share of peer to peer sales according to Cox Automotive Data.
18 Cox Automotive Data.
19 Cox Automotive Data.

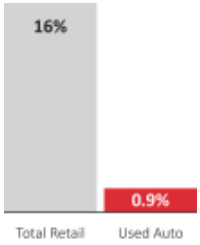
The Primary Competitors in the U.S. Used Automotive Market Rely on an Outdated Business Model

The traditional dealership model involves limited selection, lack of transparency, high pressure sales tactics and inconvenient hours. These shortcomings have caused many consumers to circumvent the dealer and transact on their own, creating a large peer-to-peer market for used vehicles. However, the peer-to-peer market comes with its own set of challenges for both buyers and sellers, entailing home visits by strangers, lack of secure payment methods or identity checks, difficulty researching available vehicles and lack of verified vehicle condition. Presented with these alternatives, the overwhelming majority of consumers are dissatisfied with the current automotive buying and selling experience. According to a 2019 Gallup survey, vehicle salespersons consistently rank as one of the least trusted professions, with only 9% of respondents reporting trust in that profession. Furthermore, in another survey, 81% of respondents reported dissatisfaction in the car buying process.

Ecommerce Penetration in the U.S. Used Automotive Market is Just Beginning

The used automotive market has one of the lowest ecommerce penetration levels, with only a 0.9% share of all retail used automotive sales in 2018, representing significant upside as compared to the current ecommerce penetration of other consumer product categories. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. In a 2019 survey, 49% of consumers reported that they are willing to make a vehicle purchase online.[20] Furthermore, while it is too soon to measure the long-term impact of the COVID-19 pandemic on consumer behavior, in a survey conducted after the onset of the COVID-19 pandemic, 61% of respondents were open to buying a vehicle online as compared to 32% prior to the COVID-19 pandemic. Moreover, in another survey conducted after the onset of the COVID-19 pandemic, consumers reported reduced use of ride-sharing services, greater use of personal vehicles and an increase in willingness to purchase a vehicle.[21]

Ecommerce Penetration



Consumers Increasingly Desire Convenience and Customization through Ecommerce

Following the pattern in other consumer retail categories, the U.S. retail used automotive market is experiencing shifting consumer buying patterns from in-store towards online purchases. In particular, mobile commerce is poised for even faster growth than broader ecommerce. Consumers are increasingly focused on customized products and personalized services, while also expecting delivery of those products and services on-demand. This trend creates opportunities for us as we offer an extensive inventory from which consumers can select not only the make and model of a vehicle, but also the model year, color, trim and options in many combinations across any device at any time. This selection, combined with personalized search results, offers a customized shopping experience not possible at a traditional used vehicle dealer or in the peer-to-peer market.

20 Digital Commerce 360 Report.
21 Cars.com, Ride-Sharing Drops, Online Car Shopping Increases in Coronavirus' Wake, March 2020.

Used is the new "New"

Consumers are becoming increasingly willing to buy used goods. In 2019, 64% of vehicle shoppers considered buying a used vehicle before making a purchase decision, up from 61% in 2018. At the same time, the average price differential between new and three-year-old used vehicles grew from $11,000 in 2015 to nearly $14,000 per vehicle in 2018.[22] As a result, owning or leasing a new vehicle has become increasingly unaffordable. Additionally, in 2019, used vehicle sales exceeded 98% as a percentage of new vehicle sales, up from 89% in the previous year, further demonstrating consumers' shifting preferences towards used cars. The purchase of a used vehicle enables a consumer to obtain a fully reconditioned vehicle at a higher standard of luxury or with highly sought-after features for the same dollar amount as a new, lesser-model vehicle. In this shifting market, Used is the new "New."

The U.S. Used Automotive Market is Growing and Resilient

American consumers continue to exhibit entrenched vehicle ownership trends with approximately 284 million registered vehicles on the road in 2019, as compared to 279 million in 2018. Further, approximately 91.5% of families in the United States had at least one vehicle in 2018. Despite the rise in ridesharing and vehicle sharing, 83% of all U.S. adults drove a vehicle at least several times a week in 2018.[23] Additionally, the retail used vehicle market generally shows resilience through recessionary markets and other challenging economic cycles. Used car sales (including wholesale and retail) showed a much more muted decline of 11.9% from 2007 to 2009, while new car sales declined by 21.5% from 2007 to 2009. While the average new vehicle gross profit margin fell from 6.9% in 2007 to 6.7% in 2009, used vehicle gross profit margins (including wholesale and retail) increased from 8.9% in 2007 to 9.4% in 2009. While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

In light of the fragmentation, consumer dissatisfaction and lack of ecommerce penetration of the used vehicle industry, there is room for multiple participants to disrupt the traditional dealership model and peer-to-peer market by offering ecommerce solutions that leverage technology and data analytics to achieve superior operational efficiency and exceptional customer experience.

What We Do: Offer a Better Way

We are driving a better way to buy and a better way to sell used vehicles and bringing about enduring change in the industry. Our platform brings together all phases of the vehicle buying and selling process in a seamless, intuitive and convenient way. We create a climate of trust and provide an exceptional experience with complete transparency by eliminating friction and sales pressure. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer. We offer a better way.

A Better Way to Buy

For consumers looking to buy a used vehicle, we offer a value proposition that differs markedly from traditional auto dealers and the peer-to-peer market. We are dedicated to helping customers evolve from wary shoppers to confident owners by streamlining the entire buying process, from discovery through financing to delivery, by offering the following:

- **Enormous Selection of Inventory.** We currently offer a growing inventory of thousands of low-mileage, high-demand vehicles. By making purchasing decisions based on data rather than

22 Edmunds 2019 Outlook.
23 Gallup, July 2019.

intuition, we are able to offer a wide selection of vehicles that excite our customers. Consumers no longer have to settle for traditional dealerships with a limited number of vehicles on hand or scour local peer-to-peer listings and travel to a seller's location.

- **Consistent High Quality.** All of our vehicles pass our detailed inspections and meet our proprietary Vroom Reconditioning Standards, which result in high-quality used vehicles backed by our free Vroom 90-Day Limited Warranty. We never lose sight of the fact that the used vehicles we sell are "new" to our customers.
- **Comprehensive and Transparent Vehicle Information.** We remove the asymmetry of information between dealers and consumers by providing comprehensive and transparent information on the vehicles we sell. We eliminate bait-and-switch risk through high-resolution photography and detailed product descriptions on our platform, which show our customers every aspect of our vehicles from all angles, and provide third-party vehicle history reports on all of our vehicles.
- **Customized Vehicle Search and Discovery.** In addition to the size and diversity of our inventory selection, we provide buyers with a personalized, intuitive interface with detailed sorting, searching and filtering functionality. This enables our customers to research and discover the right car for their unique needs.
- **Competitive, Market-based Pricing.** We price our vehicles using data science and proprietary algorithms, ensuring that buyers receive attractive, market-based, no-haggle pricing. Our pricing strategy takes into account hundreds of variables when determining the accurate market price of a vehicle, including items beyond make, model and color that are unavailable to traditional dealerships, such as proprietary historical purchase and sales data.
- **Exceptional Customer Support.** Our professional customer experience team accompanies the buyer through every step of the process to make sure all questions are answered and any concerns are addressed. In all of our customer interactions, our goal is to ensure that every customer is a delighted customer.
- **On-Demand Shopping and Contact-Free, Convenient Delivery Experience.** We offer customers the ability to shop for their desired vehicle at any time, on any device and from any location. We also deliver our vehicles nationwide to a location of our customer's choosing. Our on-demand shopping and contact-free, convenient delivery not only saves our customers a trip to the dealership, it provides the ultimate driveway experience.
- **Value-Added Products.** We provide seamlessly integrated, real-time, individualized financing solutions through our strategic partnerships with trusted lenders in automotive finance and give our customers access to competitive market rates. We also offer third-party finance and protection products, including other extended warranty contracts, GAP protection and wheel and tire coverage, all with transparent pricing.
- **Assurance.** Our Vroom 7-Day Return Policy offers customers seven days or 250 miles to test drive their purchase with their family, versus a seven-minute test drive around the block at a dealership. This fundamentally transforms the customers' test drive experience by providing the opportunity to see truly how their vehicle performs in day-to-day life.

A Better Way to Sell

We are revolutionizing the process for consumers to sell or trade-in their vehicles. Consumers typically encounter either low-ball prices from their local dealer or face the prospect of advertising and selling the vehicle themselves in a time-consuming process through the peer-to-peer market. In contrast, we offer consumers the following:

- **Ease of Use.** We offer the ease of online submission of basic vehicle information in order to receive an appraisal. There is no trip to the dealership and no cost to submit a vehicle for sale, but rather a simple, hassle-free process enabling customers to sell us their vehicles.
- **On-Demand Appraisals.** Our Sell Us Your Car® proposition gives customers on-demand appraisals. We utilize our extensive data insights and experience across thousands of transactions to generate a purchase offer that reflects a competitive market-based price, providing customers a fast and easy customer experience.
- **A Guaranteed, Real-Time Price on Every Vehicle.** For every vehicle that customers submit for appraisal, we provide a guaranteed price and purchase offer.
- **No High-Pressure Tactics.** We keep all purchase offers open for two days or 250 miles. This process allows customers to shop, compare and analyze the sale of their vehicle from the convenience of their home to ensure they are getting the best value, eliminating pressure to take a deal on the spot.
- **Convenient, Contact-Free Vehicle Pick-ups.** Our customers enjoy the convenience of national, at-home contact-free vehicle pick-up free of charge within days of accepting our offer.
- **No Hastle Pay-offs.** As an added convenience, we offer hassle-free customer payment and/or pay-off of any loans on the vehicle being sold, saving the customer time and paperwork.

Our Competitive Strengths

A Leading Ecommerce Platform for Used Vehicles

We offer an end-to-end, ecommerce platform for buying, selling, transporting, reconditioning, pricing, financing, registering and delivering vehicles nationwide. Our platform encompasses every element of the customer experience and ensures quality and consistency. Our customer-centric business model addresses the shortcomings of the traditional dealership model and peer-to-peer market. We combine high-quality and high-demand vehicles, asset-light, scalable reconditioning operations, a national logistics network and an exceptional ecommerce experience. In addition, our ability to control the entire customer value chain from demand generation to pick-up or delivery to the customer's driveway creates operating leverage as we scale, further driving the network effects inherent in our business and contributing to our path to profitability.

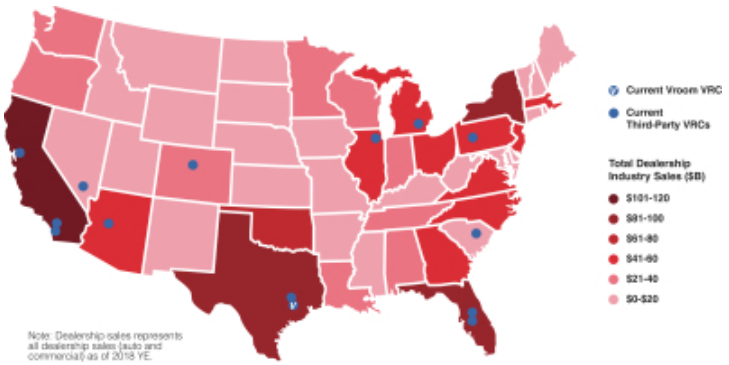
Asset-Light, Scalable Operations

An asset-light strategy is fundamental to our business model, and our future growth strategies are focused on developing our ecommerce business without the need for capital investment in physical retail locations. We seek to optimize the combination of ownership and operation of assets by us, with strategic third-party partnerships. Our strategy provides flexibility, agility and speed as we scale our business, without taking on the unnecessary risk and capital investment inherent in direct investment. We employ this hybrid approach across our business and utilize strategic relationships with experienced and trusted providers to optimize reconditioning services, logistics, consumer financing and customer experience.

Reconditioning Facilities. Our hybrid approach combines the use of our Vroom VRC and third-party VRCs to best meet our reconditioning needs as we continue to expand our business. Powered by

lean manufacturing technology, our Vroom VRC currently handles the reconditioning of a majority of our vehicles. We also leverage our partnerships with third parties within the reconditioning industry to recondition the remainder of the vehicles in our inventory to our Vroom Reconditioning Standards, which creates capacity to scale quickly and efficiently, while simultaneously reducing our capital commitments and expanding our geographic footprint.

VRC Locations[24]



Logistics. We primarily use third-party carriers for our inbound and outbound logistics operations while also developing our proprietary logistics capabilities. Our strategic carrier arrangements with national haulers allow us to efficiently deliver vehicles to customers throughout the United States while focusing on expanding other critical components of our business, such as the volume and selection of vehicles in our inventory. This strategy enhances the flexibility, agility and speed of our growth and reduces the capital commitments in logistics required to achieve such growth.

Customer Financing. By partnering with many of the largest and most trusted banks in the world, including our strategic lender relationship with Chase, we arrange reliable vehicle financing for our customers while avoiding the increased risk associated with underwriting consumer debt and carrying financing receivables on our books. This low-risk, high-margin financing structure enables us to provide customers with an essential aspect of the vehicle-buying process without adding additional debt commitments to our balance sheet and operational cost and complexities to our business.

Customer Experience Team. In addition to our in-house customer support personnel, we have partnered with a leading customer experience management provider to operate our primary call center. This strategy enables us to centralize our contact center services, ensure consistency in customer interactions, increase conversion and maximize operating efficiencies.

Relentless Focus on Data Science

Data science is at the core of everything we do, and all aspects of our business are enhanced by data analytics. In an industry that historically used intuition and basic industry-wide data to drive purchasing and pricing decisions, we are moving from intuition to algorithm. We are expanding and continuously improving our access to data, using data science and machine learning across our business to maximize efficiency. Our proprietary technology, machine learning and data analytics models continuously optimize our marketing investments and conversion funnel, fine-tune our supply,

24 National Automobile Dealers Organization.

sourcing and logistics models, calibrate our vehicle pricing, streamline our reconditioning processes and optimize our overall inventory sales velocity.

Continuous Experimentation and Innovation at Scale

We strive to make key decisions based on data and testing. We continuously experiment using A/B and multivariate testing methodologies to drive conversion, innovation and improved unit economics. We test variables involved in sourcing, buying, reconditioning, and managing our inventory, and make decisions based on the data insights gained from such continuous experimentation. We integrate a full-stack statistics engine that is connected to our front-and back-end operations, enabling us to A/B test across all aspects of our business, including our marketing and conversion funnel, inventory procurement, management, refurbishment and sales processes. For example, we run testing on our pricing algorithms as a way to better understand the relationship between price point and time listed as it relates to probability of sale and profitability. We utilize A/B tests against several variables, such as size and rate of price adjustments, as a way to optimize our price adjustment curves.

National Market Penetration and Brand

Our national presence provides a significant competitive advantage versus local dealerships and regional players that lack scalable technology, operations and logistics, and are unable to take advantage of the efficiencies and lower costs of national brand advertising. We are able to deliver a superior customer experience through the breadth and diversity of our national inventory of thousands of vehicles on our platform. Consumers no longer have to settle for whatever the local dealer has on the lot or scour local peer-to-peer listings and travel to a seller's location for a unknown, time-consuming experience, which is demonstrated by our NPS score of 52 as of March 31, 2020. Additionally, our customers enjoy the convenience of national, at-home delivery and pick-up of vehicles. We also leverage our national marketing campaigns to efficiently increase brand awareness and attract and convert new customers at lower cost. Our brand's national reach provides a significant advantage over local dealers who typically rely on costly local or regional advertising campaigns.

Difficult to Replicate Business Model

Our platform overcomes the unique operational and technological challenges associated with buying and selling used vehicles in an ecommerce channel. Each vehicle that we offer through our platform has a unique VIN and requires multiple touch points, including appraisal, inspection, reconditioning, photography, pricing and delivery. It requires significant funding sources to finance the acquisition of inventory, the ability to source and manage complex inventory, pricing and appraisal optimization skills, reconditioning expertise and sophisticated logistics capabilities. Given the significance of the purchase to a consumer, it also requires professional customer service and a brand that consumers can trust. These elements make our platform difficult to replicate. Our operational experience and the improvements we have made over time serve as important competitive moats. As we optimize the reconditioning process and home delivery, we benefit from years of data collected and lessons learned from having reconditioned and delivered tens of thousands of vehicles since our founding. To succeed, any new entrant to ecommerce used auto sales would require data-driven automotive expertise, ecommerce capabilities and scalable operations integrated in a single platform. While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

Seasoned Leadership Team and an Exceptional Culture

Our success to date has been built on a culture that reflects our values: *s.p.e.e.d* – obsessive customer **service**, unwavering commitment to **progress**, appreciation of our **employees**, high

engagement, and passionate **development**. We maintain a deep commitment to prudent corporate governance, transparency, accountability and collaboration. The leadership team is comprised of seasoned executives who possess cross-vertical experience in the ecommerce, technology, retail and automotive sectors, and have a demonstrated track record of scaling businesses and achieving profitable growth. Building on lessons learned and experience leading digital disruption in other fields, we believe we can bring the same level of innovation to the automotive retail industry.

Our Growth Strategies and Path to Profitability

The core elements of our platform—ecommerce, vehicle operations and data science and experimentation—serve as the foundation of our growth strategies and path to profitability.

Drive Growth

Our business has grown significantly as we have scaled our operations. Our growth is not attributable to a single innovation or breakthrough, but to coalescence around multiple strategies that serve as points on our flywheel. The diversity and number of vehicles in our inventory drive demand and support expanded national marketing to enable us to acquire new customers more cost effectively, allowing us to invest back into our platform to continue to improve the customer experience, all of which drives increased conversion. This flywheel revolves, builds momentum and ultimately propels our business forward as we seek to drive disciplined growth and operating leverage.

Growth Flywheel

Grow and Optimize Vehicle Inventory

As a data driven business, we measure demand at the unique VIN level and use data analytics to inform our pricing and inventory selection. This enables us to curate an optimal inventory that matches market demand signals, driving higher conversion and sales. As we grow, we will continuously refine our inventory mix and expand our offerings across vehicle price points to serve a greater range of customers and increase our demand and conversion opportunities.

Expand Marketing and Maximize ROI

The strength of our brand and effectiveness of our advertising programs is critical to our ability to attract new customers cost effectively. Leveraging our advanced data analytics, we will continue to invest in national marketing campaigns and targeted performance marketing to identify, attract and convert new customers at lower cost. This strategy provides a significant advantage over local dealers who typically rely on costly local or regional campaigns and enables us to maximize return on our marketing spend. We also run sophisticated digital marketing across various vehicle listing sites, constantly monitoring performance and maximizing ROI with limited reliance on any one platform. Additionally, to date we have used search aggregators and social media platforms for advertising on a very limited basis, and we continuously seek new cost-efficient marketing opportunities and channels.

Deliver Exceptional Customer Experience

We believe that customer experience is fundamental to our ability to convert consumers into customers, attract new customers and ensure repeat customers. We seek to provide customers with an intuitive, trustworthy and convenient buying and selling experience, and we will continue to invest in our platform to further streamline the transaction process for our customers. We will also continue to invest in the development of our mobile experiences, including iOS and Android mobile applications, to strengthen customer engagement. We believe these investments will lead to greater consumer traffic to our platform, higher levels of customer satisfaction and increased conversion and sales.

Increase Conversion

Sales conversion drives revenue growth and is an output of the acceleration of every point on the growth flywheel. We will continue to invest in our technology framework to optimize all aspects of our conversion funnel by constantly A/B testing our web and mobile applications to ensure we are displaying the features and formats that are most likely to resonate with our customers and lead to increased sales.

Drive Profitability

Our business model benefits from network effects and significant operating leverage as it scales. We believe that improvements in our unit economics are the foundation to driving profitability and will be achieved by scaling and optimizing the following elements of our platform:

Optimize Vehicle Acquisition and Pricing

We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire the right vehicle at the right price through enhanced supply science across all our sourcing channels. We are expanding our national marketing efforts featuring our Sell Us Your Car® proposition to drive consumer sourcing. As a result, we expect to increase the number of vehicles we purchase from consumers, which typically generate higher gross profit per unit when sold compared to other inventory sources. In parallel, we continue to invest in data analytics and machine learning to optimize vehicle acquisition and pricing, increase sales velocity and drive profitability. We also intend to pursue third-party inventory that will expand our sourcing channels while offering attractive revenue models in an asset light, debt free structure.

Increase Reconditioning Capacity

As we scale our business, we intend to invest in increased reconditioning capacity. In addition to achieving cost savings and operational efficiencies, we will be focused on lowering our days to sale. We will continue to employ a hybrid approach that combines the use of Vroom VRCs with geographically dispersed third-party VRCs to best meet our reconditioning needs. As a key step in this strategy, going forward we intend to make capital investments in additional Vroom VRCs. At the same time, we are expanding our third-party VRC locations to provide added scale with reduced lead-time and greater flexibility. As we search for additional Vroom VRC and third-party VRC locations, leveraging our data analytics and deep industry experience, we take into account a combination of factors, including proximity to customers, transportation costs, access to inbound inventory and sustainable low-cost labor. All of these initiatives are designed to lower reconditioning costs per unit, and thereby improve per unit economics while enhancing the customer experience.

Expand Value-Added Products

Every vehicle sale creates potential for multiple additional revenue streams, including fees earned on third-party vehicle financing and fees from the sale of other value-added products. As we expand our business, we believe there are substantial opportunities to increase attachment rates on our existing value-added products through training, merchandising and technology enhancements. Strategic partnerships with lenders such as Chase and Santander provide enhanced revenue streams for us, as well as offering convenience, assurance and efficiency for our customers. Introducing new types of vehicle related finance and protection products can provide additional revenues going forward. Because we are paid fees on the value-added products we sell, our gross profit on such products is equal to the revenue we generate on such sales. In addition to expanding our offering of value-added products, in the longer term, we see a significant opportunity to provide our customers with complementary services such as entertainment and location-based services. The addition of new value-added products and services will not only increase our product offerings and profitability but will also strengthen and extend our interactions with customers.

Strategically Develop Logistics Network

We primarily use third-party carriers for our inbound and outbound vehicle transport, and are in the process of developing strategic carrier arrangements with national haulers in order to optimize our logistics network. As part of our hybrid approach, we also operate our own logistics network in select markets and intend to continually evaluate and strategically expand our proprietary logistics operations. In optimizing our logistics network, our VRCs also serve as pooling points to aggregate acquired vehicles and can serve as hubs for staging vehicles for last-mile delivery to customers, which we expect will result in an improved delivery and pick-up experience for customers. We expect these enhanced logistics operations, combined with the expansion of strategically located VRCs, will drive lower inbound and outbound logistics costs.

Capitalize on New Product and Market Opportunities

Expand our Platform to Additional Products and Markets

We have designed and built an innovative platform with countless potential applications. We have the potential to leverage our platform for expansion into adjacent areas of technology-enabled commerce and fully deploy our technology, data analytics and business experience to take advantage of the opportunities this creates. We will have the flexibility to opportunistically pursue opportunities across markets, potentially including additional transportation and vehicle markets, global geographic markets and B-to-B business models.

Continue to Innovate on New Capabilities

Technological developments have had a significant impact on the automobile industry and are expected to continue to have an impact for the foreseeable future. Electrification and shared mobility in particular are expected to have a transformative impact on road transportation. We continuously monitor developments in autonomy, ride-hailing and ride-sharing as it relates to the overall automotive market, and we are well-positioned to expand our capabilities to participate actively as the industry evolves. As the automotive landscape develops, we will seek to capitalize on new opportunities.

Our Customer Experience

Buying a Vehicle

Our platform provides prospective purchasers of vehicles a differentiated buying experience compared to traditional auto dealers and the peer-to-peer market. This experience enables customers to easily browse our vast inventory, explore and arrange financing alternatives, select additional value-added products and schedule and coordinate the delivery of the purchased vehicle to a location of their choice.

Browsing our Inventory

Our platform provides customers the ability to browse an inventory of thousands of vehicles, including a broad selection of low mileage, high-demand vehicles, through any connected device. We give customers the ability to filter our selection of vehicles, including by make, model, mileage, color and other factors. Once a customer has selected a vehicle from our inventory, the customer can review the vehicle's profile, which includes approximately 20 high resolution photographs of the vehicle, a description of the vehicle and its features and ownership history. The description of the vehicle includes items such as body type, description of color scheme, VIN, fuel type, drive type, engine, transmission and other features, including items such as Bluetooth connectivity, rear-view cameras and heated seats. The platform provides an enhanced vehicle purchasing experience by giving customers immediate and complete transparency with respect to the condition and features of a vehicle.

Making it Yours

Following vehicle selection, customers promptly receive a call from a member of our customer experience team. The customer experience representative is available to answer any questions and to help the customer finalize the transaction. For customers who require financing, the agent also will assist in the loan application process and will inform the customer of the terms on which their vehicle financing has been approved. Depending on the customer's payment method and how much information the customer has previously provided online, this call can include taking a deposit, taking a down payment, collecting required identification documents, providing further details about where to mail their payment, and/or providing any applicable trade-in documents.

Selecting Value-Added Products

As the customer completes the purchase process, the customer experience representative explains the value-added product options, including extended warranty contracts, GAP protection and wheel and tire coverage. Upon selection by the customer, we arrange for delivery of the value-added products through our network of third-party partners.

Getting it Delivered

The last step in the customer journey involves arranging for vehicle delivery. Customers select the location and timing of delivery along with any specific delivery instructions, and we arrange the delivery with our network of third-party carriers. In Orlando, Florida and Dallas, Texas, we provide Vroom last-mile delivery service, which involves delivery by a Vroom employee in one of our proprietary single-vehicle haulers. In response to the COVID-19 pandemic, we have increased the level of cleaning and sanitation of vehicles prior to making delivery to our customers, and also adjusted our delivery protocols to provide contact-free delivery to customers. After delivery is complete, under our Vroom 7-Day Return Policy, we offer customers seven days or 250 miles to test drive their purchase and return the vehicle to us if they are not satisfied.

Our 7-day (or 250-mile) return period starts once the vehicle is delivered to a customer, or when the customer picks it up from TDA. A customer can get to know the vehicle for a full week (or until driving it 250 miles, whichever comes first). To initiate a return, a customer simply emails us at a designated e-mail address or calls us at a toll-free number. For ecommerce customers, we then pick up the vehicle free of charge and refund to the customer all amounts paid for the vehicle and any purchased value-added products, along with all fees and taxes, other than the delivery fee. For TDA customers, they return the vehicle to our retail location and receive a full refund, other than a restocking fee.

Selling a Vehicle

We are replacing the time-consuming and stressful vehicle selling process with a hassle-free, contact-free experience that enables customers to sell us their vehicles quickly and efficiently using any desktop or mobile device. We have also adjusted our protocols to provide for contact-free pickup from customers in response to the COVID-19 pandemic. Customers answer a brief set of questions about their vehicle and receive a guaranteed purchase offer from Vroom. Customers who accept this offer then provide the basic documentation required (which often includes a title and mileage statement), after which Vroom provides free vehicle pick-up from the convenience of the customer's home. We offer convenient customer payment and/or pay-off of any loans on the vehicle being sold, saving the customer time and paperwork.

Tell Us About Your Car

Customers who choose the Sell Us Your Car® proposition visit our platform and start by providing a VIN. From there, the customer confirms or updates information about the vehicle, including information such as make, model and mileage. This step generally takes only a few minutes. Customers do not need to provide photographs of the vehicle, as our data analytics tools are able to accurately appraise the value of a vehicle based on the answers provided. Unlike the peer-to-peer market or traditional dealership offers, the Vroom offer is fully guaranteed.

Get Your Appraisal and Offer

Upon receiving a customer's application for an appraisal, we run the vehicle information through our central vehicle database in order to generate a competitive appraisal based on market demand, estimated reconditioning costs, depreciation and other factors that impact the retail and wholesale value of the vehicle. In order to offer customers the best value for their vehicle, we rely on a number of external and internal data points. Additionally, our customer experience team will provide customer assistance and answer any potential questions customers may have regarding their appraisal and the final offer made on their vehicle.

We Pick It Up, You Get Paid

After a customer has accepted our guaranteed purchase offer on their vehicle, a customer can arrange payment and at-home vehicle pick-up free of charge within days of accepting our offer. Using our network of third-party logistics operators, we arrange for vehicle pick-up from the convenience of the customer's home. In response to the COVID-19 pandemic, we have adjusted our logistics protocols to provide contact-free pick-up of vehicles from customers. If the vehicle we are picking up is to be resold by us through our retail channel, we ship it to one of our VRCs for reconditioning; if the vehicle we are picking up is to be sold at wholesale, we ship it to the nearest wholesale auction to be sold. Once the vehicle has been picked-up, and we have received the title documentation, the customer receives payment.

Trade-in Optionality

We also give customers the option of using the value of the vehicle that they are looking to sell to us towards the purchase of a new vehicle through our platform. If a customer opts for a trade-in, we do not typically transmit any payment to the customer, and instead apply the value of the customer's existing car towards lowering the overall amount of cash and/or financing for their new vehicle.

Our Marketing

We operate a multi-channel marketing strategy that includes both national brand and digital performance, marketing. We leverage various digital performance channels, including automotive

aggregator sites, to generate demand for Vroom inventory by VIN. In these channels, we manage the national distribution footprint of each VIN by continually optimizing its forward distribution to maximize consumer demand and achieve planned conversion, sales velocity and profitability.

We also run a national brand campaign through TV and online media, which commenced in the first quarter of 2019, and has shown strong momentum in its first year. Between the first quarter of 2019 and the first quarter of 2020, we have more than doubled total brand leads to our website, which means a customer began his or her journey by going straight to our website, and meaningfully increased our sales mix of direct brand leads. Because brand leads convert at a higher rate than all other marketing channels, we believe that continued growth of our national brand marketing campaign and an increasing mix of brand leads will improve our marketing efficiency. Brand media drives demand with consumers who are responding to the Vroom consumer value propositions of an online purchase process, home delivery, no-haggle prices, convenient trade-in, and overall transparency.

We analyze visitor traffic and customer interaction with our platform to identify and correlate visitor behavior with sales conversion. Our analytics enables us to measure and monitor the ROI generated by our marketing placements, which we then use to optimize placement and spend across marketing channels to balance sales velocity and profitability.

In May 2020, we entered into an agreement with Rocket Auto LLC and certain of its affiliates (collectively, “Rocket”) providing for the launch of an e-commerce platform under the “Rocket Auto” brand for the marketing and sale of vehicles directly to consumers (the “RA Agreement”). We will list our used vehicle inventory for sale on the Rocket Auto platform, but all sales of Vroom inventory will be conducted through our platform. Rocket Auto is expected to launch publicly during the third quarter of this year and, during the term of the RA Agreement, Rocket will ensure that not less than a minimum percentage of all used vehicles sold or leased through the platform on a monthly basis will be Vroom inventory. We will pay Rocket a combination of cash and stock for vehicle sales made through the platform, including upfront equity consisting of 183,870 shares of our common stock that were issued upon execution of the RA Agreement, and the potential issuance to Rocket of up to an additional 8,641,914 shares of our common stock (collectively with the shares issued upon execution, the “RA Shares”), over a four-year period based upon sales volume of Vroom inventory through the Rocket Auto platform.

Our Operations

Inventory Management

Our inventory assortment and pricing models ingest millions of data points each day as we monitor, calibrate, and adjust our inventory position to fluctuations in the national market and within our ecommerce platform, including predicted sales performance and real-time customer demand and conversion.

Inventory Planning

Using national demand and conversion data, including both Vroom historical performance and third-party sales, we establish target inventory levels by vehicle type, price point, mileage, features, and other key attributes. We seek to maintain an optimal inventory mix to produce desired profits, sales velocity, and conversion outcomes as we manage our overall gross profit and growth rates.

Inventory Procurement

We source inventory from auctions, consumers, rental car companies and dealers. As we acquire vehicles, we continuously monitor inventory levels against our overall inventory model. In sourcing vehicles, we ingest supply available for sale nationally in the wholesale market and target vehicles for

purchase based on our retail criteria, target margins, expected sales velocity and consumer demand that we see on our ecommerce platform and across our network of marketing partners.

Inventory Pricing

Using recent national sales data and leveraging proprietary data analytics, we establish the likely fair market value of each distinct VIN in our inventory, making adjustments based on the unique characteristics of the vehicle. Once the vehicle is posted for sale, we monitor real-time demand, conversion, sales velocity, and profitability data across our listed inventory. Using our data analytics, we constantly evaluate a variety of variables that impact conversion and adjust pricing, if needed, within our profitability targets.

Vehicle Operations

Our systems evaluate each new unit of inventory that we acquire in real-time. We use our proprietary software to process each unit including, queuing it for transport, assessing its reconditioning needs, tracking its location, and ultimately managing the vehicle through the reconditioning process.

Inbound Logistics

Upon acquisition, each vehicle is queued for pick-up and routed to an appropriate destination.

For retail-quality units we intend to recondition and sell, we analyze the time and cost required to transport a unit to each VRC, and then select the appropriate facility based on each VRC's current capacity and cycle time. The unit is then queued for delivery with a Vroom regional transport partner.

For units we intend to sell wholesale, we immediately queue transportation to the nearest auction site.

Our logistics algorithms are under continuous development and we expect to drive further efficiency in the near- and mid-term as we expand our national network of VRCs as well as incorporate additional inventory aggregation hubs.

Reconditioning

As newly purchased vehicles arrive at our VRCs, our proprietary reconditioning management software platform tracks every cosmetic and mechanical defect, as well as progress towards remediation, including level of effort, elapsed work time, estimated and actual costs, parts required and assigned personnel. Our reconditioning process has been lean-optimized to achieve target speed and quality metrics and reduce waste. Throughout the process, vehicle movement, queues, and cycle times are captured in real-time. Our teams measure performance against target throughput goals and a variety of additional operational metrics.

Once reconditioned, the vehicle goes through rigorous inspections and tests to comply with Vroom Reconditioning Standards. Vehicles that cannot satisfy Vroom Reconditioning Standards are flagged for wholesale disposition.

We have partnered with a leading national parts supplier to operate a large parts store within our Vroom VRC, complete with an on-site stockroom that maintains real-time availability for common parts, as well as expedited delivery for special orders.

Listing for Sale

We use proprietary software that supports full 360-degree exterior and interior views to capture high resolution pictures of each vehicle. These images are instantly transferred to our centralized cloud platform for quality control and for listing on vroom.com and third-party listing sites.

Transaction Processing

We have invested in technology and processes to streamline payment, financing, documentation and registration processes for our customers.

Payment and Financing

Customers who wish to finance a vehicle may apply for a vehicle loan on our platform. We collect a basic set of personal and financial information, which we then transmit to a network of national lending partners. As offers are returned from this collective inquiry, we then select and present an option or options for each customer. We collect the required loan stipulations—for example, we ask the customer to upload a photo of their driver's license—and facilitate the origination of the loan.

Once we collect a deposit, our system takes the vehicle off market and seamlessly synchronizes vehicle status on vroom.com and any other third-party listing site.

Documentation

Each transaction on our platform requires supporting documentation based on the transaction type (buy, sell, financed, cash, etc.) and local, state and federal regulation.

As customers progress through the purchase and sale processes, our systems generate the required supporting documents, populate the documents with the details of the transaction, and then deliver the completed documents as electronic files. Many of these documents can then be presented to the customer, signed, stored, and transmitted electronically. Where wet ink signatures are mandated, we produce printed copies and then mail the contracts for the customer to execute.

Titling and Registration

We receive, store, and deliver the title associated with most of the vehicles we buy and with all of the vehicles we sell. We comply with local title regulations to support title transfers. In some cases, we manage the title and vehicle registration process on behalf of our customers. Given the sensitivity of titles, we monitor and control the titling process with specialized business process automation software.

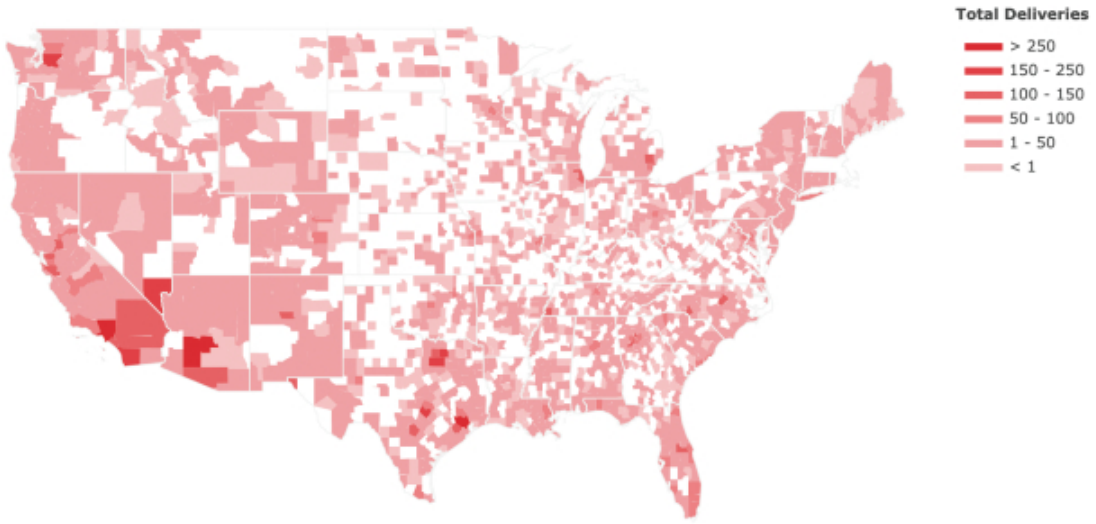
Other Value-Added Products

We present customers with applicable value-added products based on the characteristics of their vehicle purchase, including vehicle age, loan-to-value ratio, vehicle price, and customer location. If, for example, we present an extended warranty option to a customer, we seamlessly integrate with national insurance underwriters such as Safe-Guard to calculate the cost, length, and scope of the product to offer. Because our national lending partners provide loan approvals with loan capacity to accommodate value-added products without exceeding the maximum approved amount, many customers are able to finance these value-added products along with their vehicle at a very low incremental monthly cost.

Delivery and Pickup

Upon completion of a customer's vehicle purchase, the customer experience team contacts the customer to confirm and monitor the vehicle delivery process. Meanwhile, at the applicable VRC, the vehicle is retrieved, washed, inspected, staged and scheduled for pick-up by a national transportation provider. In some transactions, the vehicle may be dropped off at a local Vroom delivery hub where a Vroom employee completes the home delivery with a Vroom delivery truck. In response to the COVID-19 pandemic, we have increased the level of cleaning and sanitation of vehicles prior to making delivery to our customers, and also adjusted our delivery protocols to provide delivery to customers.

Deliveries per County[25]



Customers also can sell a vehicle to us through our platform, either as a direct transaction or as a trade-in on a vehicle purchase. Using our national logistics processes and infrastructure, we queue the customer's vehicle for pick-up and transport to the optimal reconditioning center or to a nearby wholesale auction.

Customer Experience Team

At any point in the buying or selling process, our customers may encounter questions or challenges they are not equipped to or comfortable with resolving online. Our customer experience team provides human support to our customers in these situations. Our customer experience team handles customer questions about vehicle selection, financing, and the purchase or sale process. The team has been trained on our sale process and our core values of transparency and high customer satisfaction.

Our Technology

Technology and data science are the foundation of all of our operations and strategic decision making.

Data Science

Our team of over 40 data scientists and engineers continuously extract and analyze additional information, processing over 160 million data points daily to create models that inform purchasing, pricing and market decisions, allowing us to understand price elasticity. We adjust price as a function of overall market value trend, taking into account competitor inventory, market price fluctuations, and relative inventory advantages. Leveraging this data and machine learning-based forecasting, our proprietary algorithms have historically been capable of forecasting sales out 60 days to within a 2% margin of error.

25 Total deliveries shown for deliveries made in 2019.

Core to our underlying technology is the real-time collection of customer and inventory data. We analyze and act on the data in real time. As our systems collect new or updated incoming data signals, those signals are immediately available to downstream systems to trigger parallel event processes. For example, we employ data science to match incoming customers with patterns we've identified in previous customers to enable us to score, in real-time, the new customer's likely conversion outcome. The score is available to inform our sales teams and provide real-time performance marketing, as well as real-time reporting and analytics. Further, we monitor performance against the score to create algorithms which are continuously learning and improving.

Our technology supports multi-channel engagement with our customers, delivering consistent messaging via the web, in native apps and via email. In cases where customers need special attention outside of our ecommerce experience, we provide customer assistance via phone.

Reconditioning

Our proprietary reconditioning technology, Vendor Lanes, allows us to quickly and cost-effectively repair vehicles, enabling us to process a larger number of vehicles through our facility to keep up with demand. The step-by-step process we have in place includes all aspects of preparing a vehicle for sale, including a multi-point inspection, mechanical and body reconditioning, paint, detail, merchandising and imaging.

Our reconditioning technology is driven by years of know-how and expertise that enable us to operate facilities efficiently. For example, technology investments in lean manufacturing techniques have enabled us to produce 50% more units/day at consistent quality. We operate our facilities with various vendors specializing in each part of the repair process, allowing us to gain advantaged economics and conduct the most efficient process.

Competition

The U.S. used vehicle market is highly fragmented, with over 42,000 traditional franchised and independent dealerships nationwide as well as the peer-to-peer market. The players in the used vehicle market can be classified into the following segments:

- traditional new and used car dealerships;
- large, national car dealers, such as CarMax and AutoNation, which are expanding into online sales, including "omni-channel" offerings;
- used car dealers or marketplaces that currently have existing ecommerce businesses or online platforms, such as Carvana;
- the peer-to-peer market, utilizing sites such as Facebook, Craigslist.com, eBay Motors and Nextdoor.com; and
- sales by rental car companies directly to consumers of used vehicles which were previously utilized in rental fleets, such as Hertz Car Sales and Enterprise Car Sales.

Internet and online automotive sites could change their models to sell used vehicles and compete with us, such as Google, Amazon, AutoTrader.com, Edmunds.com, KBB.com, Autobytel.com, TrueCar.com, CarGurus and Cars.com. In addition, automobile manufacturers such as General Motors, Ford and Volkswagen could change their sales models to better compete with our model through technology and infrastructure investments. While such enterprises may change their business models and endeavor to compete with us, the sale of used vehicles through ecommerce presents unique operational and technical challenges. See "Business—Our Competitive Strengths—Difficult to Replicate Business Model."

We view our main competitors to be the traditional auto dealers, who make up the significant portion of U.S. used vehicle sales and are still operating under an outdated business model that is ripe for disruption.

Employees

As of March 31, 2020 we had approximately 800 employees. None of our employees is represented by a labor union. We consider our relationships with our employees to be good and have not experienced any interruptions of operations due to labor disagreements.

In response to the COVID-19 disruptions, we have implemented a number of measures to protect the health and safety of our workforce. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce was placed on furlough. The majority of employees furloughed were in reconditioning, logistics, acquisitions and TDA sales, which were the positions most affected by the reduction in unit volume. However, since we restarted vehicle acquisitions and increased our Vroom VRC operations, as of May 31, 2020, approximately 60% of furloughed employees have returned to work, primarily those employed in reconditioning, logistics and acquisitions positions. Furloughed employees remain enrolled in our medical plan through July 31, 2020, and we are paying the current cost of the employee's portion of the medical plan premiums in addition to the employer portion. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels.

Facilities

Our corporate headquarters is located in New York, New York, and consists of approximately 22,549 square feet of space under a lease that expires in September 2024. We use these facilities for finance, legal, human resources, information technology, engineering, sales and marketing and other administrative functions. We also lease office space outside Houston, Texas, which we use to support our administrative functions, under a lease that expires in March 2024.

Additionally, we operate our Vroom VRC located outside Houston, Texas, under a lease that expires in December 2021. We use our Vroom VRC to recondition vehicles.

We also operate TDA, our sole physical retail location, outside Houston, Texas under a lease that expires in December 2021.

We believe our existing and planned facilities are sufficient for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We seek to protect our intellectual property rights, including our intellectual property rights in our technology, through trademark, trade secret and copyright law, as well as confidentiality agreements, procedures and other contractual commitments and other legal rights. We generally enter into confidentiality agreements and invention assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information.

As of March 31, 2020, we do not own any U.S. or foreign patents and do not have any U.S. or foreign patent applications pending. As of March 31, 2020, we owned 14 registrations for our trademarks in the United States, including Vroom®, Vroom Get In®, TDA®, DealerLane®, Texas Direct® and Sell Us Your Car®. As of March 31, 2020, we held registered trademarks in Mexico, Canada and Peru for the Vroom® trademark and have several pending applications to register the Vroom® trademark in other jurisdictions. We continually review our branding strategies and technology development efforts to assess the existence, registrability, and patentability of new intellectual property.

Intellectual property laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology, brands, or other intellectual property.

Government Regulation

Our business is and will continue to be subject to extensive U.S. federal, state and local laws and regulations. The advertising, sale, purchase, financing and transportation of used vehicles are regulated by every state in which we operate and by the U.S. federal government. We also are subject to state laws related to titling and registration and wholesale vehicle sales, and our sale of value-added products is subject to state licensing requirements, as well as federal and state consumer protection laws. These laws can vary significantly from state to state. In addition, we are subject to regulations and laws specifically governing the internet and ecommerce the collection storage and use of personal information and other customer data. We are also subject to federal and state consumer protection laws, including the Equal Credit Opportunities Act and prohibitions again unfair or deceptive acts or practices. The federal governmental agencies that regulate our business and have the authority to enforce such regulations and laws against us include the FTC, the U.S. Department of Transportation, the U.S. Occupational Health and Safety Administration, the U.S. Department of Justice and the U.S. Federal Communications Commission. For example, the FTC has jurisdiction to investigate and enforce our compliance with certain consumer protection laws and has brought enforcement actions against auto dealers relating to a broad range of practices, including the sale and financing of value-added or add-on products. Additionally, we are subject to regulation by individual state dealer licensing authorities, state consumer protection agencies and state financial regulatory agencies. We also are subject to audit by such state regulatory authorities.

State dealer licensing authorities regulate the purchase and sale of used vehicles by dealers within their respective states. The applicability of these regulatory and legal compliance obligations to our ecommerce business is dependent on evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them. We are licensed as a dealer in the State of Texas and all of our vehicle transactions are conducted under our Texas license. We believe that our activities in other states are not subject to Texas' vehicle dealer licensing laws. State regulators in such states could, however, seek to require us to maintain a used vehicle dealer license in order to engage in activities in that state. In addition, we may elect to obtain a used vehicle dealer license in certain states to maximize operational flexibility and efficiency and invest in relationships with state regulators.

Most states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees or maximum amounts financed. In addition, certain states require that retail installment sellers file a notice of intent or have a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. We have obtained a motor vehicle sales finance license in Texas, which is the state in which our vehicle sale transactions are conducted under our Texas dealer license. The financial regulatory agency in Pennsylvania determined that we need to

obtain an installment seller license in order to enter into retail installment sales with residents of Pennsylvania, and, as a result, we no longer offer third-party financing to our customers in Pennsylvania. Accordingly, our customers located in Pennsylvania must obtain independent financing to the extent needed to fund any vehicle purchases on our platform. We are in the process of applying for a Pennsylvania installment seller license and expect to resume offering financing to Pennsylvania customers. In addition, we may elect to obtain sales finance or installment seller licenses in certain other states in which our customers reside in order to maximize operational flexibility and efficiency and invest in relationships with state regulators.

We currently are not conducting business in Massachusetts. Under Massachusetts law, residents may not drive a vehicle with temporary tags, which we typically provide to our customers upon delivery, inconveniencing consumers who need to register their vehicle and obtain permanent tags without being able to drive their vehicle. We are pursuing a solution that will enable us to sell vehicles in Massachusetts and provide customers with vehicle registration and permanent tags in a convenient manner.

In addition to these laws and regulations that apply specifically to the sale and financing of used vehicles, our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We also are subject to laws and regulations involving taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information-reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality. After the completion of this offering, we will also be subject to laws and regulations affecting public companies, including securities laws and exchange listing rules.

For a discussion of the various risks we face from regulation and compliance matters, see “Risk Factors—Risks Related to Our Business—We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations”; “—Failure to comply with federal, state and local laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, as well as our actual or perceived failure to protect such information could harm our reputation and could adversely affect our business, financial condition and results of operations”; “—Government regulation of the internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations”; and “—We are subject to risks related to online payment methods.”

Legal Proceedings

From time to time, we are subject to routine legal proceedings in the normal course of operating our business. Although the outcome of litigation is inherently difficult to predict, we are not involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

The following table provides information regarding our executive officers and members of our board of directors (ages as of the date of this prospectus):

Name	Age	Position(s)
Robert J. Mylod, Jr.	53	Chairperson of the Board
Scott A. Dahnke	55	Director
Michael J. Farello	55	Director
Laura W. Lang	64	Director
Laura G. O'Shaughnessy	42	Director
Adam Valkin	46	Director
Paul J. Hennessy	55	Chief Executive Officer, Director
David K. Jones	50	Chief Financial Officer
Mark E. Roszkowski	49	Chief Revenue Officer
Patricia Moran	60	Chief Legal Officer and Secretary
C. Denise Stott	52	Chief People and Culture Officer

Robert J. Mylod, Jr. has served as a member of our board of directors since September 2015. Mr. Mylod is the Managing Partner of Annox Capital Management, a private investment firm that he founded in 2013. Previously, Mr. Mylod served as Head of Worldwide Strategy & Planning and Vice Chairman for Bookings Holdings, Inc., an online travel services provider, from January 2009 to March 2011 and as its Chief Financial Officer and Vice Chairman from November 2000 to January 2009. He currently serves as a member of the board of directors and of the compensation committee of Booking Holdings, Inc. and has been nominated to become Chairman of the board. Mr. Mylod also currently serves as the Chairman of the board of directors and a member of the audit committee of Redfin Corporation, an online real estate company. He will step down as Chairman of Redfin Corporation in June 2020 and remain a director. He is also a member of the board of directors and of the audit and compensation committees of Dropbox, Inc., a cloud-based collaboration and data storage company, and a number of private companies. Mr. Mylod holds a Master of Business Administration from the University of Chicago Booth School of Business and a Bachelor of Arts in English from the University of Michigan.

We believe that Mr. Mylod's experience as a venture capital investor and a senior finance executive, including having served as the chief financial officer and vice chairman of a large publicly traded online services provider, qualifies him to serve on our board of directors.

Scott A. Dahnke has served on our board of directors since July 2015. Since 2016, Mr. Dahnke has served as co-Chief Executive Officer of L Catterton, a consumer-focused private equity firm, after previously serving as Managing Partner from 2003 to 2015. Prior to that, he was Managing Director of Deutsche Bank Capital Partners, the former private equity division of Deutsche Bank AG, from 2002 to 2003, and Managing Director of AEA Investors from 1998 to 2002. Previously, Mr. Dahnke was Chief Executive Officer of infoGROUP (formerly known as InfoUSA), a provider of data and data-driven marketing services, from 1997 to 1998. Prior to joining infoUSA, Mr. Dahnke served clients on an array of strategic and operational issues as a Partner at McKinsey & Company. His early career also includes experience in the Merger Department of Goldman, Sachs & Co. and with General Motors. Mr. Dahnke currently serves as a member of the board of directors and of the compensation committee and the nominations, corporate governance and social responsibility committee of Williams Sonoma Inc., as well as a member of the board of directors of several private companies. Mr. Dahnke holds a Bachelor of Science from the University of Notre Dame and a Master of Business Administration from Harvard Business School.

We believe Mr. Dahnke's experience in private equity investment and expertise in the ecommerce, retail and consumer industry along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Michael Farello has served on our board of directors since July 2015. Since 2006, Mr. Farello has served as Managing Partner at L Catterton, a consumer-focused private equity firm. Prior to this, he served as an executive at Dell Technologies, Inc., a global end-to-end technology provider, from 2002 to 2005, and spent twelve years at McKinsey & Company, a management consulting firm. Mr. Farello currently serves as a member of the board of directors of several private companies including FlashParking, Inc. and ClassPass Inc. Mr. Farello holds a Bachelor of Science from Stanford University and a Master of Business Administration from Harvard Business School.

We believe Mr. Farello's experience in private equity investments and expertise in the consumer sector, along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Laura W. Lang was elected to our board of directors on May 18, 2020. Ms. Lang has served as the Managing Director of Narragansett Ventures, LLC, a strategic advisory firm focused on digital business transformation and growth investing, since January 2014. Since November 2018, Ms. Lang has also served as an adviser to L Catterton. Ms. Lang was the Chief Executive Officer of Time Inc., one of the largest branded media companies in the world, until 2013. From 2008 until she joined Time Inc. in 2012, Ms. Lang was Chief Executive Officer of Digitas Inc., a marketing and technology agency and unit of Publicis Groupe S.A. In addition, she headed the company's pure-play digital agencies, including Razorfish, Big Fuel, Denuo and Phonevalley. Ms. Lang currently serves as a member of the board of directors and the talent and compensation and finance committees of V. F. Corporation, an international apparel and footwear company. She previously served as a member of the board of directors of Care.com Inc. from August 2014 to June 2016, Nutrisystem, Inc. from 2010 to 2012 and Benchmark Electronics, Inc. from 2005 to 2011. Ms. Lang holds a Bachelor of Arts from Tufts University and a Master of Business Administration from the Wharton School of the University of Pennsylvania.

We believe Ms. Lang's extensive leadership experience, digital and media expertise and service on the board of directors of other public companies qualifies her to serve on our board of directors.

Laura G. O'Shaughnessy was elected to our board of directors on May 18, 2020. Ms. O'Shaughnessy is the Chief Executive Officer of SocialCode, LLC, a technology company that manages digital and social advertising for leading consumer brands, which she co-founded in 2009. Previously, Ms. O'Shaughnessy oversaw business development and product strategy for the Slate Group, an online publisher, where she specialized in advertising product development and strategic partnerships. Ms. O'Shaughnessy currently serves as a member of the board of directors of several nonprofits. Ms. O'Shaughnessy holds a Master of Business Administration from the MIT Sloan School of Management and a Bachelor of Arts in Economics from the University of Chicago.

We believe Ms. O'Shaughnessy's leadership experience, including serving in a chief executive officer role, and digital and technology expertise qualifies her to serve on our board of directors.

Adam Valkin has served on our board of directors since December 2015. Since 2013, Mr. Valkin has served as Managing Director of General Catalyst, a venture capital firm. Mr. Valkin currently serves on the boards of directors of several private companies. Mr. Valkin holds a Bachelor of Arts in Economics from Harvard University.

We believe Mr. Valkin's experience in private equity investments and expertise in consumer businesses, along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Paul J. Hennessy has served as our Chief Executive Officer and as a member of our board of directors since June 2016. Mr. Hennessy has over 20 years of global ecommerce leadership

experience, previously serving in several leadership roles for Booking Holdings, Inc. (“Booking Holdings”), a world leader in online travel. At Booking Holdings, he most recently served as Chief Executive Officer of Priceline.com, a leading online travel agency for finding discount rates for travel-related purchases, from April 2015 to June 2016, and as Chief Marketing Officer of Booking.com, a leading online service for booking accommodation reservations, from November 2011 to March 2015. Mr. Hennessy also currently serves on the board of directors of Shutterstock Inc. Mr. Hennessy holds a Bachelor of Science in Marketing Management from Dominican College and a Master of Business Administration from Long Island University. His first car was a Pontiac Catalina.

Mr. Hennessy was selected to serve on our board of directors based on his deep experience and the perspective he brings as our Chief Executive Officer, as well as his extensive prior ecommerce leadership experience, driving growth strategies and optimizing operations and marketing for profitability.

David K. Jones has served as our Chief Financial Officer since November 2018. Prior to joining Vroom, he served as Executive Vice President and Chief Financial Officer of Iconix Brand Group, Inc., a global brand management company, from July 2015 to November 2018. From May 2011 to July 2015, Mr. Jones served as Executive Vice President and Chief Financial Officer of Penske Automotive Group, an international transportation services company operating automotive and commercial truck dealerships. Mr. Jones joined Penske Automotive Group in 2003 and served in various senior management roles through May 2011. He began his career in public accounting at Andersen LLP and remained there for over a decade. Mr. Jones holds a Bachelor of Business Administration in Accounting from Seton Hall University. His first car was a 1968 Pontiac GTO.

Mark E. Roszkowski has served as our Chief Revenue Officer since February 2019. Prior to joining Vroom, Mr. Roszkowski served as Executive Vice President, Global Head of Corporate Development, Strategy and Strategic Partnerships of Verizon Media, the media and online businesses division of Verizon Communications Inc., from June 2017 to January 2019. He previously served as Senior Vice President, Global Head of Corporate Development, Strategy and Strategic Partnerships of AOL Inc., a web portal and online service provider, from June 2014 through its sale to Verizon in June 2015 and subsequently until June 2017. Mr. Roszkowski holds a B.S. in Mechanical Engineering from Worcester Polytechnic Institute, a Master of Science in Mechanical Engineering from the University of Rochester and a Master of Business Administration from Massachusetts Institute of Technology. His first car was a 1977 Chevy Nova.

Patricia Moran has served as our Chief Legal Officer and Secretary since January 2019. Previously, Ms. Moran was a Managing Director, Chief Legal Officer and Secretary of Greenhill & Co. Inc., a publicly traded, global independent investment bank, from April 2014 to October 2016, and a Senior Advisor from November 2016 to April 2017. Prior to joining Greenhill, Ms. Moran was a Partner at Skadden, Arps, Slate, Meagher & Flom LLP, a leading global law firm where she had a 30-year career and chaired the New York office Diversity Committee. Ms. Moran has broad experience in corporate governance and corporate transactions, including mergers and acquisitions, private equity, joint ventures, restructurings and corporation finance. Ms. Moran holds a Bachelor of Science from the University of Scranton and a Juris Doctor from the Villanova University School of Law. Her first car was an AMC Hornet hatchback.

C. Denise Stott has served as our Chief People and Culture Officer since November 2016. Previously, Ms. Stott was Senior Vice President of Human Resources at Undertone, a digital advertising company, from May 2013 to October 2016. Ms. Stott’s tenure at Undertone included leading the human resources function through multiple transformations including acquisitions and the eventual sale to a public company. From February 2010 until she joined Undertone, Ms. Stott was Vice President of Human Resources at Yodle, a leader in local online marketing, where she led people development through a focus on talent acquisition, employee engagement, employee training

and compensation and benefits. Ms. Stott also served as Senior Vice President of Human Resources for ZenithOptimedia, a media and advertising services provider, from August 2007 to July 2009. Ms. Stott holds a Bachelor of Science in Mathematical Economics from Tulane University and a Master of Business Administration from Vanderbilt University. Her first car was a Mazda 626.

Composition of our Board of Directors

After this offering, our board of directors will consist of seven directors. Each director's term will continue until the annual meeting of stockholders next held after his or her election and the election and qualification of his or her successor, or his or her earlier death, disqualification, resignation or removal.

When considering whether directors have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Director Independence

Prior to the consummation of this offering, our board of directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello, Laura W. Lang, Laura G. O'Shaughnessy and Adam Valkin are each an "independent director," as defined under the rules of Nasdaq. In making these determinations, our board of directors considered the current and prior relationships that each 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 capital stock by each director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Committees of Our Board of Directors

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and standing committees. We will have a standing audit committee, nominating and corporate governance committee and compensation committee. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

Audit Committee

Our audit committee will be responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;

- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the quarterly and annual consolidated financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Upon the consummation of this offering, our audit committee will consist of Robert J. Mylod, Jr., Laura W. Lang and Adam Valkin, with Robert J. Mylod, Jr. serving as chair. Rule 10A-3 of the Exchange Act and Nasdaq rules require that our audit committee have at least one independent member upon the listing of our common stock, have a majority of independent members within 90 days of the date of this prospectus and be composed entirely of independent members within one year of the date of this prospectus. Our board of directors has affirmatively determined that Robert J. Mylod, Jr., Laura W. Lang and Adam Valkin each meet the definition of "independent director" for purposes of serving on the audit committee under Rule 10A-3 under the Exchange Act and Nasdaq rules. Each member of our audit committee also meets the financial literacy requirements of Nasdaq listing standards. In addition, our board of directors has determined that Robert J. Mylod, Jr. will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors has adopted a written charter for the audit committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on our website is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will be responsible for, among other things:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing our succession plan for the CEO and other executive officers;
- overseeing the evaluation of the effectiveness of our board of directors and its committees; and
- developing and recommending to our board of directors a set of corporate governance guidelines.

Upon the consummation of this offering, our nominating and corporate governance committee will consist of Scott A. Dahnke, Laura G. O'Shaughnessy and Adam Valkin, with Scott A. Dahnke serving as chair. Our board of directors has adopted a written charter for the nominating and corporate governance committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on our website is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Compensation Committee

Our compensation committee will be responsible for, among other things:

- reviewing and approving the compensation of our Chief Executive Officer and other executive officers;

- reviewing and making recommendations to the board of directors regarding director compensation; and
- appointing and overseeing any compensation consultants.

Upon the consummation of this offering, our compensation committee will consist of Michael J. Farello, Robert J. Mylod, Jr. and Laura W. Lang, with Michael J. Farello serving as chair. Our board has determined that Michael J. Farello, Robert J. Mylod, Jr. and Laura W. Lang meet the definition of "independent director" for purposes of serving on the compensation committee under Nasdaq rules, including the heightened independence standards for members of a compensation committee, and are "non-employee directors" as defined in Rule 16b-3 of the Exchange Act. Our board of directors has adopted a written charter for the compensation committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on our website is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Risk Oversight

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our audit committee is also responsible for discussing our policies with respect to risk assessment and risk management. Our board of directors believes its administration of its risk oversight function has not negatively affected our board of directors' leadership structure.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

Our board of directors has adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code will be posted on our website, *www.vroom.com*. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq listing standards concerning any amendments to, or waivers from, any provision of the code. The information on our website is deemed not to be incorporated in this prospectus or to be part of this prospectus.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "Summary Compensation Table" below. In 2019, our "named executive officers", or "NEOs", and their positions were as follows:

- Paul J. Hennessy, Chief Executive Officer and Director;
- David K. Jones, Chief Financial Officer; and
- Mark E. Roszkowski, Chief Revenue Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion. The information set forth in this section gives effect to the Forward Stock Split to be effected prior to the closing of this offering.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2019.

Name and Principal Position	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($) (4)	Option Awards ($) (4)	Total
Paul J. Hennessy *Chief Executive Officer, Director*	2019	393,077	—	421,000	—	814,077
David K. Jones *Chief Financial Officer*	2019	500,000	375,000(3)	—	671,700	1,546,700
Mark E. Roszkowski(1) *Chief Revenue Officer*	2019	410,192	—	—	592,592	1,002,784

(1) Mr. Roszkowski commenced employment as our Chief Revenue Officer on February 4, 2019.
(2) Amounts reflect the actual base salary paid to each named executive officer in respect of 2019.
(3) Amounts reflect (i) a sign-on bonus paid to Mr. Jones on February 8, 2019 in the amount of $250,000 and (ii) a guaranteed bonus in an amount equal to 50% of Mr. Jones' target annual bonus, to be paid to Mr. Jones in respect of 2019 pursuant to the terms of his offer letter. Please see the sections titled "Bonus Compensation—Jones Sign-on Bonus" and "Executive Compensation Arrangements—David K. Jones" below for further information.
(4) Amounts reflect the full grant-date fair value of restricted stock unit awards and options granted during 2019 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all restricted stock unit awards and option awards made to executive officers in Note 12 to our consolidated financial statements included elsewhere in this prospectus.

Elements of the Company's Executive Compensation Program

For the year ended December 31, 2019, the compensation for our named executive officers generally consisted of a base salary, cash bonuses and equity awards. These elements (and the amounts of compensation and benefits under each element) were selected because we believe they are necessary to help us attract and retain executive talent which is fundamental to our success.

Below is a more detailed summary of the current executive compensation program as it relates to our named executive officers.

Base Salaries

Our named executive officers receive a base salary to compensate them for the services they provide to our company. 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.

The base salaries for our named executive officers were originally established in their respective employment agreement and offer letters. Mr. Hennessy's initial base salary for 2019 was $350,000, which was increased by the compensation committee to $400,000 effective on March 4, 2019. Messrs. Jones and Roszkowski were entitled to receive base salaries for 2019 of $500,000 and $450,000, respectively, as set forth in their offer letters described below.

Effective January 5, 2020, our board of directors increased Mr. Hennessy's base salary to $500,000.

The actual salaries paid to each named executive officer for 2019 are set forth in the "Summary Compensation Table" above in the column titled "Salary."

Bonus Compensation

2019 Bonuses

From time to time our compensation committee may approve annual bonuses for our NEOs based on individual performance, company performance or as otherwise determined appropriate.

For 2019, annual bonuses were based on such factors as the compensation committee deemed appropriate, including achievement of company revenue and EBITDA targets, along with each individual NEO's performance as it relates to his or her area of responsibility. Pursuant to his employment agreement, Mr. Hennessy was initially eligible to receive a base annual bonus of up to $325,000, or 100% of his base salary, as well as an additional "stretch" bonus of up to $325,000, or another 100% of his base salary, based on the achievement of such performance criteria as the board of directors deemed appropriate in its discretion.

Effective March 4, 2019, our compensation committee determined to amend Mr. Hennessy's annual bonus structure such that Mr. Hennessy would be eligible to earn an annual bonus with a target amount of 200% of his base salary with respect to 2019.

Messrs. Jones and Roszkowski are eligible to participate in our 2019 Short Term Incentive Plan, or 2019 STIP, a performance-based annual incentive plan that provides cash bonuses to certain of our participating employees. The applicable 2019 STIP performance goals were recommended by members of senior management and approved by our compensation committee and board of directors. In 2019, the board of directors determined that Mr. Hennessy's annual bonus would also be based on the achievement of the 2019 STIP performance goals.

Pursuant to the 2019 STIP, the bonus pool under the 2019 STIP may be funded based on the achievement of specified EBITDA and shipped unit targets, each weighted at 50% of the bonus pool. If the company achieved target performance the 2019 STIP bonus pool would have been funded at a level of 100% of the target payout, with the bonus pool eligible to be funded from a range of 0% to 175% of the target payout depending on achievement, as determined by our compensation committee in its discretion. Following the determination of the amount of the 2019 STIP bonus pool, members of management will then allocate a portion of the bonus pool to each department of the company, based on the department's performance with respect to 2019.

Each 2019 STIP participant's award under the 2019 STIP is determined as a function of the funding of the STIP bonus pool and the participant's target bonus amount, as well as the participant's

individual performance and teamwork as evaluated by such participant's supervisor. Each of Messrs. Jones and Roszkowski have an established target annual bonus pursuant to their respective offer letters. The 2019 target bonus amount for each of Messrs. Jones and Roszkowski was 50%, expressed as a percentage of his annual base salary. In addition, pursuant to the terms of his offer letter, Mr. Jones will receive a guaranteed bonus payment with respect to 2019 of no less than half of his 2019 target bonus amount.

With respect to 2019, our compensation committee determined that the applicable 2019 STIP performance goals were not met and as a result, the 2019 STIP bonus pool would not be funded. The guaranteed bonus payment of $125,000 paid to Mr. Jones with respect to 2019 is set forth above in the Summary Compensation Table in the column entitled "Bonus."

Jones Sign-on Bonus

Pursuant to his offer letter, Mr. Jones was paid a sign-on bonus of $250,000 in 2019 in connection with his commencement of employment with us, subject to his continued employment for 90 days following his start date. For further information on Mr. Jones' sign-on bonus, please see "Executive Compensation Arrangements—David K. Jones" below.

Equity Compensation

Outstanding Equity Awards

We currently maintain an equity incentive plan, the Vroom, Inc. Second Amended & Restated 2014 Equity Incentive Plan, or the 2014 Plan, which provides for the grant of equity awards with respect to our common stock. The 2014 Plan provides our employees (including the named executive officers) and other eligible service providers the opportunity to participate in the equity appreciation of our business and incentivizes them to work towards Vroom's long-term performance goals. We believe that such awards function as a compelling incentive and retention tool.

As of March 31, 2020, a total of 6,198,676 shares subject to options to purchase our common stock, 3,249,382 shares subject to restricted stock awards, and 978,060 shares subject to restricted stock unit awards granted under the 2014 Plan are currently outstanding.

As described in further detail below in the Outstanding Equity Awards at Fiscal Year End Table and related footnotes below, the following equity awards currently are held by our named executive officers: Mr. Hennessy currently holds (i) an option to purchase 1,351,062 shares of our common stock, which was granted to him on December 6, 2016 at an exercise price of $3.39 per share, (ii) a restricted stock unit award covering 100,000 shares of our common stock, granted December 6, 2016, and (iii) a restricted stock unit award covering 100,000 shares of our common stock, granted March 25, 2019; Mr. Jones currently holds an option to purchase 400,000 shares of our common stock, which was granted to him on February 6, 2019 and which has an exercise price of $4.21 per share; and Mr. Roszkowski currently holds an option to purchase 350,000 shares of our common stock, which was granted to him on February 6, 2019, and which has an exercise price of $4.21 per share.

Mr. Hennessy's 2016 option grant is subject to both time-based and performance-based vesting, so long as Mr. Hennessy remains continuously employed with us through the applicable vesting dates. With respect to the time-based portion of the option, 87.5% of such time-based option has already vested. 25% of such time-based option vested on June 8, 2017, with the remainder vesting at the end of each subsequent three-month period over the following three year period such that the time-based option shall be fully vested on June 8, 2020. The performance-vesting portion of the option is scheduled to vest with respect to 50% of such performance-based option when the company's equity value reaches $1.5 billion and the remaining 50% shall vest when the company's equity value reaches $2 billion, as determined by our board of directors.

Mr. Hennessy's 2016 restricted stock unit award vests on the earlier of (i) June 6, 2020 and (ii) the date of a Deemed Liquidation Event, subject to Mr. Hennessy's continued employment through such date. For purposes of Mr. Hennessy's 2016 restricted stock unit grant, "Deemed Liquidation Event" means, (a) a merger or consolidation in which the company is a constituent party or a subsidiary of the company is a constituent party and the company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation (1) involving the company or a subsidiary in which the shares of capital stock of the company 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 the surviving or resulting corporation or, 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 (2) to redomicile the company or any subsidiary of the company, or (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the company or any subsidiary of the company of all or substantially all of the assets of the company 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 company if substantially all of the assets of the company 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 company; provided that any of the foregoing events shall not constitute a Deemed Liquidation Event if (i) the holders (voting separately) of at least a majority of the outstanding shares of the company's Series A Preferred Stock, (ii) the holders (voting separately) of at least a majority of the outstanding shares of the company's Series B Preferred Stock and (iii) each of (A) the holders of at least two-thirds of the outstanding shares of the company's Series C preferred stock, voting as a single class, and (B) the holders of at least 60% of the outstanding shares of the company's Series D Preferred Stock, voting as a single class, elect otherwise by written notice to the company at least five days prior to the effective date of such event.

Mr. Hennessy's 2019 restricted stock unit award is scheduled to vest over a period of three years such that 50% of the restricted stock units will vest on the 18-month anniversary of the grant date and the remaining 50% will vest on the 36-month anniversary of the grant date, subject to the occurrence of a liquidity event and Mr. Hennessy's continued employment through the applicable vesting date. For purposes of Mr. Hennessy's 2019 restricted stock unit award, "liquidity event" means the first to occur of (i) a qualifying initial public offering of the company's common stock and (ii) a change of control (as defined in the 2014 Plan). For the avoidance of doubt, this offering will constitute a liquidity event with respect to Mr. Hennessy's 2019 restricted stock unit award.

Messrs. Jones and Roszkowski's 2019 option grants are scheduled to vest over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date (November 12, 2018 for Mr. Jones and February 4, 2019 for Mr. Roszkowski), subject to the executive's continued employment with us through each applicable vesting date.

Effective March 25, 2019, our board of directors determined to amend the vesting schedule of option awards under the 2014 Plan, including the options held by our named executive officers, such that, in the event that any such options are assumed or remain outstanding following the occurrence of a change of control and the participant's employment is terminated without Cause or the participant resigns for Good Reason (each as defined below) within the 12-month period following such change of control, the then-unvested portion of the option shall fully accelerate and vest. For purposes of such option grants, (A) "Cause" is defined as: (i) the participant's disregard of his or her duties or failure to act, where such action would be in the ordinary course of the participant's duties, (ii) the material failure by the participant to observe Vroom policies and/or policies of affiliates of Vroom generally applicable to employees of Vroom and/or its affiliates, including, without limitation, policies relating to anti-harassment,

(iii) gross negligence or willful misconduct by the participant in the performance of his or her duties, (iv) the commission by the participant of any act of fraud, theft, financial dishonesty or self-dealing with respect to Vroom or any of its affiliates, or any felony or criminal act involving moral turpitude, (v) any breach by the participant of the provisions of any confidentiality, non-competition or non-solicitation agreement between the participant and Vroom or any of its affiliates, or any other agreement or contract with Vroom or any of its affiliates, (vi) chronic absenteeism, (vii) alcohol or other substance abuse that impairs the participant's ability to perform his or her duties, or (viii) the commission of any violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) by the participant; (B) "Good Reason" is defined as any of the following events, in each case, without the participant's consent: (i) a reduction in the participant's base salary or a material reduction by Vroom in the kind or level of employee benefits to which the participant is entitled immediately prior to such reduction, other than a general across-the-board reduction as a result of an economic or strategic measure that affects all similarly situated employees in substantially the same proportions, (ii) a relocation of the participant's principal place of employment by more than 30 miles from both the participant's principal place of employment and principal residence, (iii) a material adverse change to the participant's title, authority, reporting structure, duties or responsibilities (other than temporarily while the participant is physically or mentally incapacitated), or (iv) Vroom's failure to obtain an agreement from any successor thereto to assume or replace (with consistent vesting and other material terms) the participant's stock award under the 2014 Plan in the same manner and to the same extent that Vroom would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; and (C) "change of control" shall mean the first to occur of any transaction (or series of related transactions involving a person or entity, or a group of affiliated persons or entities) effecting: (i) a sale, lease or other disposition of all or substantially all of the assets of Vroom, (ii) a consolidation or merger of Vroom with or into any other corporation or entity or person, or any other corporate reorganization, or (iii) a transfer of more than fifty percent (50%) of Vroom's outstanding voting power; provided that, in the cause of any of clauses (i), (ii) or (iii), no change of control shall have occurred if the shareholders of Vroom immediately prior to such transaction(s) own at least fifty percent (50%) of the outstanding voting power of the acquiring person or entity, or group of affiliated persons or entities, or the surviving entity or its parent, as the case may be, following such transaction(s).

2020 Equity Awards

In February 2020, we granted equity awards under the 2014 Plan to certain employees (including our NEOs). In particular, Mr. Hennessy received an award of 367,782 performance restricted stock units (at target). This award will vest subject to the attainment of specified EBITDA or revenue targets during the performance period and the occurrence of a "liquidity event" prior to a specified date. Vesting of this award is also subject to Mr. Hennessy's continued employment through the vesting date. Messrs. Jones and Roszkoski received awards of 36,778 and 33,100 restricted stock units, respectively. These awards vest subject to the occurrence of a "liquidity event" prior to a specified date and the executive's continuous service for a 48-month period following the date of grant. A "liquidity event" for the purposes of these awards means the first to occur of (i) an initial public offering, or (ii) a change of control (as defined in the 2014 Plan).

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we do not provide any matching contributions in the 401(k) plan. We do

not maintain any defined benefit pension plans or deferred compensation plans for our named executive officers.

Employee Benefits and Perquisites

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;
- medical care flexible spending accounts and health savings accounts;
- employee assistance program (EAP);
- short-term and long-term disability insurance; and
- life and accidental death & dismemberment insurance.

No tax gross-ups

We do not provide tax gross-ups to our employees, including our named executive officers.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2019.

	Option Awards					Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(5)
Paul J. Hennessy	12/06/16	—	—	—	—	100,000(1)	1,046,000
	12/06/16	886,634	464,428(2)	3.39	12/06/26	—	—
	03/25/19	—	—	—	—	100,000(3)	1,046,000
David K. Jones	02/06/19	100,000	300,000(4)	4.21	02/06/29	—	—
Mark E. Roszkowski	02/06/19	—	350,000(4)	4.21	02/06/29	—	—

(1) The restricted stock units shall vest on the earlier of (i) June 6, 2020 and (ii) the date of a Deemed Liquidation Event, subject to Mr. Hennessy's continued employment through such date.

(2) With respect to the option, 1,013,296 shares are subject to time-vesting and 337,766 shares are subject to performance-vesting. 87.5% of the time-vesting portion of the option has already vested. 25% vested on June 8, 2017, with the remainder vesting at the end of each subsequent three-month period over the following three year period, such that the time-based option shall be fully vested on June 8, 2020, subject to Mr. Hennessy's continued employment through each applicable vesting date. 50% of the performance-vesting portion of the option shall vest when the company's equity value reaches $1.5 billion and the remainder of the performance-vesting option shall vest when the company's equity value reaches $2 billion, subject to Mr. Hennessy's continued employment through the applicable vesting date. If Mr. Hennessy's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest.

(3) The restricted stock unit award vests upon both the satisfaction of a service condition and the occurrence of a liquidity event. 50% of the restricted stock units will vest on the 18-month anniversary of the grant date and the remaining 50% will vest on the 36-month anniversary of the grant date, subject to the occurrence of a liquidity event and Mr. Hennessy's continued employment through the applicable vesting date. If Mr. Hennessy's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest.

(4) The option vests over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date (November 12, 2018 for Mr. Jones and February 4, 2019 for Mr. Roszkowski), subject to the

executive's continued employment with us through each applicable vesting date. If the executive's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest. 25% of the option held by Mr. Jones has already vested.

(5) There was no public market for shares of our common stock prior to this offering. The amount reported was based on the fair market value of a share as of December 31, 2019, as determined with reference to a third-party valuation.

Executive Compensation Arrangements

Below are written descriptions of our employment arrangements with each of our named executive officers. Each of our named executive officers' employment is "at will" and may be terminated at any time.

In connection with this offering, we intend to enter into new employment agreements with each of our named executive officers to be effective upon the consummation of this offering. The material terms of such new employment agreements have not yet been determined.

Paul J. Hennessy

On June 8, 2016, we entered into an employment agreement with Mr. Hennessy providing for his employment as our Chief Executive Officer (the "CEO Agreement"). The CEO Agreement provides for a three-year initial term of employment, with automatic renewal for successive one-year periods until terminated in accordance with the terms of the agreement.

Pursuant to the CEO Agreement, Mr. Hennessy was entitled to an initial annual base salary of $325,000 (which base salary has been further increased as discussed above under the section titled "Base Salaries"). The CEO Agreement also provides that Mr. Hennessy is eligible to receive an annual performance-based cash bonus of up to $325,000, as well as an additional "stretch" incentive bonus of up to $325,000, in each case based on the achievement of performance criteria established by our board of directors in its sole discretion and subject to Mr. Hennessy's continued employment through the payment date. Effective March 4, 2019, our compensation committee determined to amend Mr. Hennessy's annual bonus structure such that Mr. Hennessy would be eligible to earn an annual bonus with a target amount of 200% of his base salary with respect to 2019.

The CEO Agreement provides that Mr. Hennessy will be entitled to receive a stock option award under the 2014 Plan with an aggregate fair market value equal to 3% of the outstanding fully-diluted shares of the company as of June 8, 2016, as well as the right to purchase shares of the company's common stock and Series D Preferred Stock in an aggregate amount of up to $1 million.

Pursuant to the CEO Agreement, if Mr. Hennessy's employment is terminated by us without Cause (as defined below), then, subject to his timely execution and non-revocation of a release of claims, (i) he will be entitled to 12 months acceleration of his outstanding time-vesting equity awards and (ii) the board of directors shall use its best efforts to extend the exercise period of the stock option award provided for in the CEO Agreement for two years, provided such extension shall not be beyond the original expiration date of the option and subject to applicable registration requirements.

For purposes of the CEO Agreement, "Cause" means one or more of the following: (i) the employee's substantial and repeated failure to perform duties as reasonably and lawfully directed by the board of directors; (ii) conduct by the employee reasonably likely to bring the company or any of its affiliates into disgrace or disrepute; (iii) the employee's commission of any felony, crime involving moral turpitude or other act of material dishonestly, disloyalty or fraud; (iv) the employee's breach of fiduciary duty, gross negligence or willful misconduct with respect to the company or any of its affiliates; (v) the employee's failure in any material respect to comply with any material written policy of the company; (vi) a breach of the covenants in Sections 6, 7 or 8 of the CEO Agreement; or (vii) any other material breach of the CEO Agreement.

The CEO Agreement contains 18-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as perpetual confidentiality and non-disparagement covenants.

David K. Jones

On October 15, 2018, we entered into an offer letter with Mr. Jones to employ him as our Chief Financial Officer, effective as of November 12, 2018 (the "CFO Offer Letter"). The CFO Offer Letter provides for an initial annual base salary of $500,000, as well as the right to receive his initial option grant, subject to the approval of our board of directors.

Pursuant to the CFO Offer Letter, Mr. Jones may be eligible to earn an annual performance-based bonus under our Incentive Bonus Plan with a target bonus amount equal to 50% of his annual base salary. For 2019, such annual bonus is guaranteed to equal at least half of his target bonus amount. In addition, the CFO Offer Letter provided for (i) a sign-on bonus of $250,000, payable on the earliest practical payroll date after the expiration of the 90-day period following Mr. Jones' commencement of employment with the company, and (ii) an additional bonus of $150,000, subject to Mr. Jones' continued employment with us for 15 months following the commencement of his employment and payable on the earliest practical payroll date thereafter; in each case subject to Mr. Jones' continued employment through such applicable payment date. Notwithstanding the foregoing, if Mr. Jones' employment with the company is terminated for Cause (as defined below) or by Mr. Jones for any reason prior to the two-year anniversary of the payment date for either bonus, Mr. Jones shall repay a prorated amount of such bonus.

Pursuant to the CFO Offer Letter, in the event we terminate Mr. Jones for any reason other than for Cause or if he resigns for Good Reason, Mr. Jones is entitled to receive a lump sum cash payment equal to the greater of (i) the amount equal to three months of his then-current base salary plus continued health benefits and (ii) the separation pay amount otherwise payable to company employees based on the company's then in-force policy at the time of termination.

In addition to the CFO Offer Letter, Mr. Jones was required to enter into the company's Proprietary Information and Inventions Assignment Agreement in connection with his employment, which provides that Mr. Jones will be subject to 12-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as a perpetual confidentiality covenant.

For purposes of the CFO Offer Letter, "Cause" generally means the executive has: (i) committed any act constituting financial dishonesty against the company or its subsidiaries; (ii) engaged in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment which, as determined in good faith, would (A) adversely affect the business or prospective customers, suppliers, lenders and/or other third parties with whom the company does or might do business or (B) expose the company or any of its subsidiaries to a risk of civil or criminal legal damages, liabilities or penalties; (iii) engaged in or committed any misconduct, violation of the company's written policies, including the company's employee handbook, or committed non-performance of duty in connection with the business affairs of the company or its subsidiaries; or (iv) breached any agreement, including without limitation, the executive's applicable offer letter and any agreement relating to non-competition, non-solicitation or confidentiality.

For purposes of the CFO Offer Letter, "Good Reason" generally means a material reduction in the executive's salary, position, duties or responsibilities of the role.

Mark E. Roszkowski

On January 6, 2019, we entered into an offer letter with Mr. Roszkowski to employ him as our Chief Revenue Officer, effective as of February 4, 2019 (the "CRO Offer Letter"). The CRO Offer Letter provides for an initial annual base salary of $450,000, as well as the right to receive his initial option grant, subject to the approval of our board of directors. The CRO Offer Letter also provides that Mr. Roszkowski may be eligible to earn an annual performance-based bonus under our Incentive Bonus Plan with a target bonus amount equal to 50% of his annual base salary.

Pursuant to the CRO Offer Letter, in the event we terminate Mr. Roszkowski for any reason other than for Cause or if he resigns for Good Reason (each as defined below), Mr. Roszkowski is entitled to receive a lump sum cash payment equal to the greater of (i) the amount equal to six months of his then-current base salary plus continued health benefits and (ii) the separation pay amount otherwise payable to company employees based on the company's then in-force policy at the time of termination.

In addition to the CRO Offer Letter, Mr. Roszkowski was required to enter into the company's Proprietary Information and Inventions Assignment Agreement in connection with his employment, which provides that Mr. Roszkowski will be subject to 12-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as a perpetual confidentiality covenant.

For purposes of the CRO Offer Letter, "Cause" has the same meaning as in the CFO Offer Letter.

For purposes of the CRO Offer Letter, "Good Reason" generally means: (i) a material reduction in the executive's salary, position, duties or responsibilities or (ii) a relocation of the executive's workplace that requires an increase in the executive's commute of 35 miles or greater.

Director Compensation

Name	Stock Awards ($)(1)	Total ($)
Robert J. Mylod, Jr.(2)	421,000	421,000

(1) Amount reflects the full grant-date fair value of restricted stock unit awards granted during 2019 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made to our directors in Note 12 to our consolidated financial statements included elsewhere in this prospectus.

(2) As of December 31, 2019, Mr. Mylod holds 100,000 outstanding restricted stock units, none of which are vested, and 250,000 outstanding options, of which 187,500 are vested and 62,500 are unvested.

During 2019, none of our directors received any cash compensation other than the compensation paid to our employee director Mr. Hennessy in respect of his employment, as discussed above. Mr. Hennessy does not receive any additional compensation for his service on our board of directors.

On March 25, 2019 we granted Robert J. Mylod, Jr., Chairman of our Board of Directors, an award of 100,000 restricted stock units. The restricted stock units vest in connection with the occurrence of a liquidity event, defined as the first to occur of (i) a qualifying initial public offering of the company's common stock at an initial public offering price equal to at least $15 per share and (ii) a change of control (within the meaning of the 2014 Plan) pursuant to which the holders of our common stock receive proceeds, including any estimated escrow, contingent or deferred amounts likely to be paid following the closing of such change of control, equal at least $15 per share (subject to adjustment

in the event of any extraordinary corporate transaction). Subject to the occurrence of a liquidity event that is a qualifying initial public offering, the restricted stock units are scheduled to vest over a period of three years such that one-third of the restricted stock units will vest on the 12-month anniversary of the grant date, one-third of the restricted stock units shall vest on the 24-month anniversary of the grant date and the remaining one-third will vest on the 36-month anniversary of the grant date, so long as Mr. Mylod continues to serve through the applicable vesting date; *provided* that if a change of control occurs following such qualifying initial public offering but prior to the satisfaction of the time-vesting condition, such remaining unvested restricted stock units shall accelerate and vest, regardless of whether such change of control is a qualifying change of control for purposes of Mr. Mylod's grant. In the event the liquidity event trigger is a qualifying change of control, such restricted stock units shall accelerate and vest in full, subject to Mr. Mylod's continued service through the date of such change of control.

On December 6, 2016, we granted Mr. Mylod an award of 250,000 options to purchase our common stock at an exercise price of $3.39 per share. Such options are scheduled to vest over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date, or June 1, 2016, subject to Mr. Mylod's continued service with us through each such vesting date.

On September 1, 2015, we granted Mr. Mylod an award of 98,060 shares of restricted stock. Such award is fully vested.

No other non-employee directors received equity compensation with respect to 2019. With respect to 2020, on May 18, 2020, we granted restricted stock unit awards under the 2014 Plan with a grant date value (as reasonably determined by our compensation committee) of $250,000 to each of Mses. O'Shaughnessy and Lang in connection with their election as new directors.

Non-Employee Director Compensation Policy

In connection with this offering, our board of directors has adopted a non-employee director compensation policy that, effective upon the closing of this offering, will be applicable to each of our non-employee directors. Pursuant to this non-employee director compensation policy, each non-employee director will receive a mixture of cash and equity compensation, including a $30,000 annual cash retainer (plus additional cash retainers of up to $10,000 for service as chairperson of the board of directors or service on other committees) and annual equity awards with a grant date fair value of $100,000.

Equity Plans

Equity Incentive Arrangements

Existing Equity Plan

We currently maintain our 2014 Plan, as described above. On and after the closing of this offering and following the effectiveness of the 2020 Plan, no further grants will be made under the 2014 Plan.

2020 Incentive Award Plan

In connection with the offering, our board of directors has adopted the 2020 Plan, subject to approval by our stockholders, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2020 Plan, as it is currently contemplated, are summarized below.

Eligibility and Administration

Our employees, consultants and directors, and employees, consultants and directors of our parents and subsidiaries, are eligible to receive awards under the 2020 Plan. The 2020 Plan is

administered by our board of directors with respect to awards to non-employee directors and by the compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator has the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2020 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2020 Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available

The maximum number of shares of our common stock available for issuance under the 2020 Plan is equal to the sum of (i) 3,019,108 shares of our common stock, (ii) an annual increase on the first day of each year beginning on January 1, 2022 and ending in and including January 1, 2030, equal to the lesser of (A) four percent (4%) of the outstanding shares of all classes of our common stock on the last day of the immediately preceding fiscal year and (B) such lesser amount as determined by our board of directors or compensation committee, and (iii) any shares of our common stock subject to awards under the 2014 Plan which are forfeited or lapse unexercised and which following the effective date are not issued under the 2014 Plan; provided, however, no more than 10,000,000 shares may be issued upon the exercise of incentive stock options, or ISOs. The share reserve formula under the 2020 Plan is intended to provide us with the continuing ability to grant equity awards to eligible employees, directors and consultants for the ten-year term of the 2020 Plan.

Awards granted under the 2020 Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock will not reduce the shares authorized for grant under the 2020 Plan. The maximum grant date fair value of awards granted to any non-employee director pursuant to the 2020 Plan during any calendar year is $500,000.

Awards

The 2020 Plan provides for the grant of stock options, including ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, other incentive awards, SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to certain individuals pursuant to the 2020 Plan. Certain awards under the 2020 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2020 Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with

respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders).

- *SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years.
- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.
- *Stock Payments, Other Incentive Awards and Cash Awards.* Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Cash awards are cash incentive bonuses subject to performance goals.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with another award other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

Vesting

Vesting conditions determined by the plan administrator may apply to each award and may include continued service, performance and/or other conditions.

Certain Transactions

The plan administrator has broad discretion to take action under the 2020 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2020 Plan and outstanding awards. In the event of a “change in control” of the company (as defined in the 2020 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then the plan administrator may provide that all such awards will terminate in exchange for cash or other consideration, or become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change in control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments

The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2020 Plan are generally non-transferable, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2020 Plan, the plan administrator may, in its discretion, accept cash or check, provide for net withholding of shares, allow shares of our common stock that meet specified conditions to be repurchased, allow a “market sell order” or such other consideration as it deems suitable.

Plan Amendment and Termination

Our board of directors may amend or terminate the 2020 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2020 Plan. No award may be granted pursuant to the 2020 Plan after the tenth anniversary of the earlier of (i) the date on which our board of directors adopts the 2020 Plan and (ii) the date on which our stockholders approve the Plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in the sections titled “Management” and “Executive Compensation,” the following is a description of each transaction or agreement since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

We also describe below certain other transactions and relationships with our directors, executive officers and stockholders. The discussion below does not give effect to the Forward Stock Split.

Equity Financings

Series F Preferred Stock Financing. From June 2017 to November 2017, we sold an aggregate of 6,057,805 shares of our Series F preferred stock to certain investors, including General Catalyst Group VII, L.P. (“General Catalyst”) and entities affiliated with L Catterton (“Catterton”), T. Rowe Price Associates, Inc. (“T. Rowe”) and two members of our board of directors at that time, Robert J. Mylod, Jr. and Elie Wurtman, at a purchase price of $17.05763 per share for an aggregate purchase price of approximately $103.3 million. General Catalyst, Catterton and T.Rowe each currently hold more than 5% of our outstanding capital stock. Scott A. Dahnke and Michael J. Farello, current members of our board of directors, are affiliated with Catterton, and Adam Valkin, a current member of our board of directors, is affiliated with General Catalyst.

Series G Preferred Stock. From August 2018 to December 2018, we sold an aggregate of 8,140,020 shares of our Series G preferred stock to certain investors, including our Chief Executive Officer, Paul J. Hennessy, Auto Holdings, Inc. (“Auto Holdings”), an affiliate of AutoNation (“AutoNation”), Cascade Investment, L.L.C. (“Cascade”), General Catalyst and entities affiliated with Catterton, T. Rowe and three members of our board of directors at that time, Robert J. Mylod Jr., Ethan E. Benovitz and Elie Wurtman, at a purchase price of $17.95097 per share for an aggregate purchase price of approximately $146.1 million. Auto Holdings, Cascade, General Catalyst, Catterton and T. Rowe each currently hold more than 5% of our outstanding capital stock.

Series H Preferred Stock. From November 2019 to January 2020, we sold an aggregate of 9,354,047 shares of our Series H preferred stock to certain investors, including a member of our board of directors, Robert J. Mylod, Jr., General Catalyst, Cascade, PICO Co-Investments V and entities affiliated with Catterton and T. Rowe, at a purchase price of $27.19305 per share for an aggregate purchase price of approximately $254.4 million. General Catalyst, Cascade, Catterton and T. Rowe each currently hold more than 5% of our outstanding capital stock. Elie Wurtman, who was a member of our board of directors at that time, is affiliated with PICO Co-Investments V.

Investors’ Rights Agreement

We are party to an Eighth Amended and Restated Investors’ Rights Agreement (“IRA”) dated as of November 21, 2019, with certain holders of our capital stock, including Auto Holdings, Cascade,

General Catalyst and entities affiliated with Catterton and T. Rowe. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also parties to the IRA. Under the IRA, certain holders of our capital stock have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled “Description of Capital Stock—Registration Rights” for additional information regarding these registration rights.

Right of First Refusal and Co-Sale Agreement

We are party to an Eighth Amended and Restated Right of First Refusal and Co-Sale Agreement (“ROFR Agreement”), dated as of November 21, 2019, pursuant to which we or our assignees have a right to purchase shares of our capital stock that our stockholders propose to sell to other parties. Auto Holdings, Cascade, General Catalyst and entities affiliated with Catterton and T. Rowe are parties to the ROFR Agreement. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also a party to the ROFR Agreement. See the section titled “Principal Stockholders” for additional information regarding beneficial ownership of our capital stock. Upon completion of this offering, the ROFR Agreement will terminate and we will not have the right to purchase shares of our capital stock that our stockholders propose to sell to other parties.

Voting Agreement

We are party to an Eighth Amended and Restated Voting Agreement (“Voting Agreement”), dated as of November 21, 2019, under which certain holders of our capital stock, including Auto Holdings, Cascade, General Catalyst and affiliates of Catterton and T. Rowe, have agreed to vote their shares of our capital stock on certain matters, including with respect to the election of directors. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also parties to the Voting Agreement. Upon completion of this offering, the Voting Agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Promissory Notes

In September 2016, we issued certain amended and restated promissory notes to Elie Wurtman, who was a member of our board of directors at that time, and two entities affiliated with Mr. Wurtman, totaling approximately $1.8 million, payable to us, as payment for the purchase price for an aggregate of 656,086 shares of common stock pursuant to the terms of restricted stock grants in 2014 and 2015. Pursuant to an amended and restated stock pledge agreement and joinder, these notes are secured by an aggregate of 848,910 shares of common stock. The promissory notes bear simple interest at the rate of 2.75% per annum until paid.

AutoNation Reconditioning Agreement

In January 2019, we entered into a vendor agreement (“Vendor Agreement”) with AutoNation, an affiliate of Auto Holdings, a holder of more than 5% of our outstanding capital stock, pursuant to which AutoNation will provide certain reconditioning and repair services of vehicles owned by us. Amounts due under the Vendor Agreement for parts supplied and services performed by AutoNation become due and payable as they accrue. The Vendor Agreement was terminated in February 2020.

Master Services Agreement

In July 2015, we entered into a management services agreement (“MSA”) with Catterton Management Company, L.L.C. (“Catterton Management”), an affiliate of Catterton, a holder of more

than 5% of our outstanding capital stock, pursuant to which Catterton Management agreed to provide consulting services on certain business and financial matters. Under the MSA, we were required to pay Catterton Management an annual fee of $250,000 until the expiration of the MSA upon the earlier of (i) termination by mutual consent of the parties and (ii) such time that Catterton and/or its affiliates cease to be one of our stockholders. Catterton waived our fee due under the MSA for 2018, 2019 and 2020. The MSA was terminated in May 2020.

Employment Agreements

We have granted stock options to our executive officers and certain of our directors. See the section titled “Executive Compensation—Summary Compensation Table” for a description of these stock options.

Director and Officer Indemnification and Insurance

Our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by the DGCL, subject to certain limited exceptions. Prior to the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and executive officers. We have also purchased directors’ and officers’ liability insurance for each of our directors and executive officers. See “Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors.”

Our Policy Regarding Related Person Transactions

Our board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests (or the perception thereof). Our board of directors has adopted a written policy on transactions with related persons. Under the policy, our legal department is primarily responsible for developing and implementing processes and procedures to obtain information regarding related persons with respect to potential related person transactions and then determining, based on the facts and circumstances, whether such potential related person transactions do, in fact, constitute related person transactions requiring compliance with the policy. If our legal department determines that a transaction or relationship is a related person transaction requiring compliance with the policy, our Chief Legal Officer is required to present to the audit committee all relevant facts and circumstances relating to the related person transaction. Our audit committee must review the relevant facts and circumstances of each related person transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party and the extent of the related person’s interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of our code of business conduct and ethics (which has been adopted prior to the completion of this offering), and either approve or disapprove the related person transaction. If advance audit committee approval of a related person transaction requiring the audit committee’s approval is not feasible, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the chair of the audit committee subject to ratification of the transaction by the audit committee at the audit committee’s next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction. If a transaction was not initially recognized as a related person transaction, then upon such recognition the transaction will be presented to the audit committee for ratification at the audit committee’s next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction. Our management will update the audit committee as to any material changes to any approved or ratified related person transaction and will provide a status report at least annually of all then current related person transactions. No director may participate in approval of a related person transaction for which he or she is a related person.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock (1)(i) reflecting the Automatic Conversion (ii) the Forward Stock Split, (iii) the issuance of 183,870 of the RA Shares and (iv) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020, and (2) as adjusted to give effect to this offering, for:

- each person known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, warrants or other rights held by such person that are currently exercisable or will become exercisable within 60 days of May 18, 2020 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The applicable percentage ownership after this offering is based on 112,920,960 shares of our common stock outstanding immediately following the completion of this offering, assuming that the underwriters will not exercise their over-allotment option and assuming the issuance of up to 18,750,000 shares of common stock at the closing of this offering. Unless otherwise indicated, the address of all listed stockholders is 1375 Broadway, Floor 11, New York, NY 10018.

Each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned by such stockholder unless noted otherwise, subject to community property laws where applicable.

	Shares of Common Stock Beneficially Owned Before This Offering		Shares of Common Stock Beneficially Owned After This Offering	
Name of Beneficial Owner	Number	%	Number	%
5% Stockholders:				
Entities affiliated with L Catterton(1)	19,422,834	20.6%	19,422,834	17.2%
General Catalyst Group VII, L.P.(2)	6,051,670	6.4%	6,051,670	5.4%
Certain funds and accounts advised by T. Rowe Price Associates, Inc.(3)	15,028,926	16.0%	15,028,926	13.3%
Auto Holdings, LLC(4)	5,570,730	5.9%	5,570,730	4.9%
Cascade Investment, L.L.C.(5)	6,771,076	7.2%	6,771,076	6.0%
Named Executive Officers and Directors:				
Robert J. Mylod, Jr.(6)	1,798,012	1.9%	1,798,012	1.6%
Scott A. Dahnke(7)	19,422,834	20.6%	19,422,834	17.2%
Michael J. Farello	—	*	—	*
Laura W. Lang	—	*	—	*
Laura G. O'Shaughnessy	—	*	—	*
Adam Valkin(8)	6,051,670	6.4%	6,051,670	5.4%
Paul J. Hennessy(9)	1,277,096	1.3%	1,277,096	1.1%
David K. Jones(10)	100,000	*	100,000	*
Mark E. Roszkowski(11)	87,500	*	87,500	*
All Executive Officers and Directors as a group(11 individuals)(12)	28,947,112	30.2%	28,947,112	25.2%

* Indicates beneficial ownership of less than 1%.

(1) Consists of (i) 6,994,354 shares of preferred stock held of record by CGP2 Zoom Holding, L.P. (“CGP2 Zoom”), (ii) 254,256 shares of common stock and 10,335,520 shares of preferred stock held of record by CGP2 Lone Star, L.P. (“CGP2 Lone Star”) and (iii) 1,838,704 shares of preferred stock held of record by LCGP3 Accelerator, L.P. (“LCGP3 Accelerator”). CGP2 Managers, L.L.C. is the general partner for each of CGP2 Zoom and CGP2 Lone Star. CGP3 Managers, L.L.C. is the general partner of LCGP3 Accelerator. The management of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. is controlled by a managing board. J. Michael Chu and Scott A. Dahnke are the members of the managing board of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. and as such could be deemed to share voting control and investment power over shares that may be deemed to be beneficially owned by the entities affiliated with L Catterton, but each disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The address of the entities and individuals mentioned in this footnote is 599 West Putnam Avenue, Greenwich, CT 06830.

(2) Consists of 1,169,868 shares of common stock and 4,881,802 shares of preferred stock held by General Catalyst Group VII, L.P. (“GCG VII”). General Catalyst GP VII, LLC (“GCGP VII”) is the general partner of General Catalyst Partners VII, L.P. (“GCP VII”), which is the general partner of GCG VII. General Catalyst Group Management Holdings, L.P. (“GCGMH”) is the manager of General Catalyst Group Management, LLC (“GCGM”), which is the manager of GCGP VII. As the Managing Members of General Catalyst Group Management Holdings GP, LLC, the general partner of GCGMH, Kenneth Chenault, Joel Cutler, David Fialkow and Hement Taneja (collectively, the “Managing Members”), share voting and dispositive power with respect to the shares held by GCG VII. Each of the Managing Members, Adam Valkin, the general partner of GCGMH, GCGMH, GCGM, GCGP VII and GCP VII may be deemed to beneficially own such shares but each disclaims beneficial ownership of such shares. Adam Valkin, a member of our board of directors, is a limited partner of GCP VII and a managing director of GCP VII. The address of the entities and individuals mentioned in this footnote is 20 University Road, Suite 450, Cambridge, MA 02138.

(3) Consists of 385,238 shares of common stock and 14,643,688 shares of preferred stock held by funds and accounts for which T. Rowe Price Associates, Inc. (“TRPA”) serves as investment adviser or subadviser, as applicable, with power to direct investments and/or sole power to vote the securities owned by such funds and accounts (with the exception of one advisory fund that retains its own voting authority). TRPA may be deemed to be the beneficial owner of the shares held by such funds and accounts; however, TRPA expressly disclaims that it is, in fact, the beneficial owner of such securities. TRPA is the wholly owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. T. Rowe Price Investment Services, Inc. (“TRPIS”), a registered broker-dealer (and FINRA member), is a subsidiary of TRPA. TRPIS was formed primarily for the limited purpose of acting as the principal underwriter and distributor of shares of the funds in the T. Rowe Price fund family. TRPIS does not engage in underwriting or market-making activities involving individual securities. The address for these entities is 100 East Pratt Street, Baltimore, MD 21202.

(4) Consists of 5,570,730 shares of preferred stock held by Auto Holdings, LLC. AutoNation, Inc., a publicly traded company with securities listed on the New York Stock Exchange, is the sole member of Auto Holdings, LLC. The address for these entities is 200 SW 1st Avenue, Fort Lauderdale, FL 33301.

(5) Consists of 6,771,076 shares of preferred stock held by Cascade Investment, L.L.C. (“Cascade”). All shares of our common stock held by Cascade may be deemed to be beneficially owned by William H. Gates III as the sole member of Cascade. The address of Cascade is 2365 Carillon Point, Kirkland, WA 98033.

(6) Consists of (i) 98,060 shares of common stock, (ii) 301,412 shares of preferred stock, and (iii) 250,000 shares of common stock subject to options that are exercisable within 60 days of May 18, 2020 in each case held by Mr. Mylod. Also consists of (i) 203,872 shares of common stock and (ii) 944,668 shares of preferred stock held by Annox Capital, LLC. Mr. Mylod is the managing member of Annox Capital and therefore holds voting or dispositive power over the shares held by Annox Capital. The address for Annox Capital is 480 Pierce Street, Suite 240, Birmingham, MI 48009.

(7) Consists of the shares identified in footnote (1) above. Mr. Dahnke is a member of the managing board of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. and as such could be deemed to share voting control and investment power over shares that may be deemed to be beneficially owned by the entities affiliated with L Catterton, but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(8) Consists of the shares identified in footnote (2) above.

(9) Consists of (i) 154,094 shares of common stock, (ii) 9,706 shares of preferred stock, (iii) 100,000 restricted stock units vesting within 60 days of May 18, 2020 and (iv) 1,013,296 shares of common stock subject to options that are exercisable within 60 days of May 18, 2020 in each case held by Mr. Hennessy.

(10) Consists of 100,000 shares of common stock subject to options held by Mr. Jones that are exercisable within 60 days of May 18, 2020.

(11) Consists of 87,500 shares of common stock subject to options held by Mr. Roszkowski that are exercisable within 60 days of May 18, 2020.

(12) Consists of (i) 1,880,150 shares of common stock, (ii) 25,306,166 shares of preferred stock, (iii) 100,000 restricted stock units vesting within 60 days of May 18, 2020 and (iv) 1,660,796 shares of common stock subject to options held by all our current directors and executive officers as a group that are exercisable within 60 days of May 18, 2020.

DESCRIPTION OF CAPITAL STOCK

General

At or prior to the consummation of this offering, we will file an amended and restated certificate of incorporation and we will adopt our amended and restated bylaws. Our amended and restated certificate of incorporation will authorize capital stock consisting of:

- 500,000,000 shares of common stock, par value $0.001 per share; and
- 10,000,000 shares of preferred stock, par value $0.001 per share.

We are selling 18,750,000 shares of common stock in this offering (21,562,500 shares if the underwriters exercise their over-allotment option to purchase additional shares of our common stock in full).

Assuming (i) the Automatic Conversion, (ii) the Forward Stock Split and (iii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, as of March 31, 2020, there were 93,987,090 shares of our common stock outstanding, held by 170 stockholders of record, and no shares of our preferred stock outstanding.

The following summary describes the material provisions of our capital stock. We urge you to read our amended and restated certificate of incorporation and our amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part.

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of common stock.

Common Stock

Voting Rights

Holders of shares of our common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of our common stock will not have cumulative voting rights in the election of directors.

Dividends

Holders of shares of our common stock will be entitled to receive ratably those dividends, if any, as may be declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Liquidation

In the event of our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to share ratably in the remaining assets legally available for distribution.

Rights and Preferences

Holders of our common stock will not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock will be 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 in the future.

Fully Paid and Nonassessable

All shares of our common stock outstanding upon consummation of this offering will be fully paid and non-assessable.

Preferred Stock

Upon the consummation of this offering and pursuant to our amended and restated certificate of incorporation that will become effective at the consummation of this offering, the total number of authorized shares of preferred stock will be 10,000,000 shares. Upon the consummation of this offering, we will have no shares of preferred stock outstanding.

Under the terms of our amended and restated certificate of incorporation that will become effective upon the consummation of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, powers, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Warrants

As of March 31, 2020, there were warrants to purchase up to 161,136 shares of common stock and up to 589,970 shares of the Series F preferred stock. The warrants to purchase common stock include warrants issued to Genesis Capital Advisors LLC, with an exercise price of $0.72 per share. The warrants to purchase Series F preferred stock include warrants issued to Eastward Fund Management, LLC in connection with a Term Loan Facility (which has been repaid in full), with an exercise price of $8.53 per share.

Upon the Automatic Conversion, the warrant for Series F preferred stock, which will remain outstanding following the closing of this offering, will become a warrant to purchase common stock. The warrant for Series F preferred stock will expire upon the earlier of August 11, 2027 and the third anniversary of this offering.

Registration Rights

The IRA provides that certain holders of our common stock and preferred stock, including, but not limited to, 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. The registration rights set forth in the IRA will expire five years following the completion of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144 of the Securities Act during any 90-day period without regard to volume and manner of sale limitation. We will pay the registration expenses (other than underwriting discounts and commissions and certain other expenses) of the holders of the shares registered pursuant to the registrations described below.

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. In connection with this offering, we expect that each stockholder will agree not to sell or otherwise dispose of any securities without the prior written consent of Goldman Sachs & Co. LLC for a period of 180 days after the date of this prospectus, subject to certain terms and conditions and early release of certain holders in specified circumstances. See the section titled ‘‘Shares Eligible for Future Sale—Lock-Up Agreements’’ for additional information regarding such restrictions.

Demand Registration Rights

After the completion of this offering, the holders of an aggregate of 85,533,394 shares of our common stock will be entitled to certain demand registration rights. At any time beginning six months after the effective date of this registration statement, the holders of at least 20% of the registrable securities then outstanding may request that we register all or a portion of their shares. Such request for registration must cover securities the aggregate offering price of which, after payment of underwriting discounts and commissions, would exceed $5,000,000. We will not be required to effect more than two registrations on Form S-1 that have been declared effective. The company has the right to defer such registration under certain circumstances.

Piggyback Registration Rights

After the completion of 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, in connection with such offering, certain holders of our common stock will be entitled to certain piggyback registration rights allowing the holder to include its 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, other than with respect to (i) a registration relating solely to the sale of securities to participants in a company stock plan, (ii) a registration relating to a corporate reorganization or other transaction listed in Rule 145 under the Securities Act and (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, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Form S-3 Registration Rights

After the completion of this offering, the holders of an aggregate of 91,508,844 shares of our common stock will be entitled to certain Form S-3 registration rights. The holders of at least 10% of the registrable securities then outstanding can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate offering price, after payment of underwriting discounts and commissions, would equal or

exceed $1,000,000. We will not be required to effect more than two registrations on Form S-3 within any 12-month period. The company has the right to defer such registration under certain circumstances.

Forum Selection

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or stockholders to us or our stockholders; (3) any action asserting a claim against us, any director or our officers and employees arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery; or (4) any action asserting a claim against us, any director or our officers or employees that is governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation will further provide that, unless we consent in writing to the selections of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Dividends

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and any other factors or considerations our board of directors may regard as relevant. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. See “Dividend Policy” and “Risk Factors—Risks Relating to this Offering and Ownership of our Common Stock—We do not intend to pay dividends on our common stock for the foreseeable future.”

Anti-Takeover Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the consummation of this offering, will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Stockholder Action; Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our stockholders may not take action by written consent, but may only take action at

annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Further, our amended and restated bylaws provide that only our board of directors, the chairperson of our board of directors or our chief executive officer may call special meetings of our stockholders, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

In addition, our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting or special meeting of stockholders, including proposed nominations of candidates for election to our board of directors. Generally, in order for any matter to be "properly brought" before a meeting, the matter must be (a) specified in a notice of meeting given by or at the direction of our board of directors, (b) if not specified in a notice of meeting, otherwise brought before the meeting by our board of directors or the chairperson of the meeting, or (c) otherwise properly brought before the meeting by a stockholder present in person who (1) was a stockholder both at the time of giving the notice and at the time of the meeting, (2) is entitled to vote at the meeting, and (3) has complied with the advance notice procedures specified in the amended and restated bylaws or properly made such proposal in accordance with Rule 14a-8 under the Exchange Act and the rules and regulations thereunder, which proposal has been included in the proxy statement for the annual meeting. Further, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the secretary and (b) provide any updates or supplements to such notice at the times and in the forms required by our amended and restated bylaws. To be timely, a stockholder's notice must be delivered to, or mailed and received at, our principal executive offices not less than 90 days nor more than 120 days prior to the one-year anniversary of the preceding year's annual meeting (deemed to be June 4, 2021 for the first annual meeting following consummation of this offering); provided, however, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, to be timely, notice by the stockholder must be so delivered, or mailed and received, not later than the 10th day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice").

Stockholders at a special meeting may only consider proposals or nominations specified in the notice of meeting or, in the case of our annual meetings, brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered Timely Notice as discussed above. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

Amendment of Certificate of Incorporation or Bylaws

Upon consummation of this offering, our amended and restated bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of two-thirds of the voting power of the outstanding shares of capital stock entitled to vote thereon. The affirmative vote of a majority of our board of directors and two-thirds in voting power of the outstanding shares entitled to vote thereon would be required to amend our amended and restated certificate of incorporation.

Section 203 of the DGCL

We will be governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which the person became an interested stockholder, unless:

- the business combination or transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/_{3}\%$ of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or, if such person is an affiliate or associate of the corporation, within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by the DGCL, subject to certain limited exceptions. Prior to the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and our executive officers. In some cases, the provisions of our indemnification agreements with our directors and executive officers may be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation will include provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director. This provision does not, however, eliminate the personal liability of our directors for monetary damages resulting from: (1) breach of the director's duty of loyalty, (2) acts or omissions not in good faith that involve intentional misconduct or knowing violation of law, (3) an unlawful payment of dividends or an unlawful stock purchase or redemption, or (4) any transaction from which the director derived an improper personal benefit.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of Vroom, Inc. Pursuant to the Section 262 of the DGCL, stockholders who properly demand and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company.

Trading Symbol and Market

We have applied to list our common stock on Nasdaq under the symbol "VRM."

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock listed on Nasdaq, we cannot assure you that there will be an active public market for our common stock.

Upon the closing of this offering, we will have outstanding an aggregate of 112,737,090 shares of common stock, assuming the issuance of 18,750,000 shares of common stock offered by us in this offering. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining 93,987,090 shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. 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 Rules 144 or 701 under the Securities Act, which are summarized below.

Registration Rights

Pursuant to our IRA, after the completion of this offering, the holders of up to 97,692,128 shares of our common stock, or certain transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "Description of Capital Stock—Registration Rights" for a description of these registration rights. If the offer and sale of these shares of our common stock are registered, the shares will be freely tradable without restriction under the Securities Act, subject to the Rule 144 limitations applicable to affiliates, and a large number of shares may be sold into the public market.

Lock-Up Agreements

We, our executive officers, directors and the holders of substantially all of our outstanding stock, without the prior written consent of Goldman Sachs & Co. LLC, will not, subject to certain exceptions, during the period ending 180 days after the date of this prospectus:

- offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, or publicly disclose the intention to make any offer, sale, pledge or disposition of any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for, or that represent the right to receive, shares of our common stock; or
- engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or other derivative transaction or instrument) which is designed to or which could reasonably be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of all or a portion of the economic consequences of ownership of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock,

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above. For a further description of these lock-up agreements, please see “Underwriting.”

In connection with the RA Agreement, Rocket and Robert J. Mylod, Jr., the chairperson of our board of directors entered into a letter agreement (the “Rocket Lock-up Letter”), which will restrict Rocket’s ability to dispose of RA Shares issued to Rocket pursuant to the RA Agreement. These restrictions apply only to the RA Shares and not to other shares that may be owned by Rocket or its affiliates. Under the Rocket Lock-up Letter, following the closing of this offering, subject to certain exceptions, including charitable contributions, (i) Mr. Mylod will not dispose of Vroom shares owned by him, other than pursuant to a 10b5-1 plan, and no earlier than six months after the adoption of such 10b5-1 Plan and (ii) Rocket may not dispose of the RA Shares, other than disposal of up to two times the percentage of any shares (a) subject to sale by Mr. Mylod pursuant to such 10b5-1 Plan or (b) donated by Mr. Mylod to charity. The terms of the Rocket Lock-up Letter will terminate on the earlier to occur of four years after execution or Mr. Mylod ceasing to be a member of our board of directors.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least 180 days would be entitled to sell in “broker’s transactions” or certain “riskless principal transactions” or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding; and
- the average weekly trading volume in our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the SEC and Nasdaq concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

Under Rule 144, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the 90 days preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of the registration statement of which this prospectus forms a part

is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. Our affiliates can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of our common stock subject to outstanding stock options and common stock issued or issuable under our 2020 Plan. We expect to file the registration statement covering shares offered pursuant to our 2020 Plan shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144. See the section titled “Executive Compensation—Equity Plans” for a description of our equity compensation plans.

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 of our common stock. 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 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 in such entities);
- 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 the 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 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 a 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 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 entitled, “Dividend Policy,” we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock 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.” Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of the withholding rules discussed below, we or the applicable withholding agent may treat the entire distribution as a dividend.

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock 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 income 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 will be subject to U.S. federal income tax on a net income basis at the regular graduated 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 ("USRPI"), by reason of our status as a U.S. real property holding corporation ("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 graduated 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 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, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax 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.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income 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 United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or 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 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 ("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

such 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

The company and Goldman Sachs & Co. LLC, BofA Securities, Inc., Allen & Company LLC and Wells Fargo Securities, LLC, as representatives of the underwriters named below, will enter into an underwriting agreement with respect to the shares of common stock being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
Allen & Company LLC	
Wells Fargo Securities, LLC	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Robert W. Baird & Co. Incorporated	
JMP Securities LLC	
Wedbush Securities Inc.	
Total	18,750,000

The underwriters will commit 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 2,812,500 shares of common stock from the company 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 table shows the per share and total underwriting discounts to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase 2,812,500 additional shares of our common stock.

	Paid by the Company	
	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 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.

At our request, the underwriters will allocate for sale, at the initial public offering price, up to 5.0% of the shares in this offering to certain investors at our direction. We do not know if any of these potential investors will choose to purchase all or any portion of the allocated shares but the number of shares of our common stock available for sale to the general public will be reduced to the extent these persons purchase the allocated shares. Any shares of our common stock that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus.

The company and its officers, directors, and holders of substantially all of the company's common stock and securities convertible into or exchangeable for the company's common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, or publicly disclose the intention to make any offer, sale, pledge or disposition of any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for, or that represent the right to receive, shares of our common stock, engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call operation, or combination thereof, forward, swap or other derivative transaction or instrument) which is designed to or which could reasonably be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of all or a portion of the economic consequences of ownership of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares of our common stock. The initial public offering price has been negotiated between the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list the common stock on Nasdaq under the symbol "VRM."

In connection with the offering, the underwriters may purchase and sell shares of 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 the 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 the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the 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 the company's stock, and together with the imposition of the penalty bid, may stabilize,

maintain or otherwise affect the market price of the common stock. As a result, the price of the 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 Nasdaq, in the over-the-counter market or otherwise.

The company estimates that its share of the total expenses of the offering, excluding the underwriting discount, will be approximately $5.4 million. The underwriters have agreed to reimburse us for certain of our expenses incurred in connection with the offering. The Company has agreed to reimburse the underwriters for certain out-of-pocket expenses in connection with this offering in an amount not to exceed $45,000.

The company has 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 the company and to persons and entities with relationships with the company, for which they received or will receive customary fees and expenses.

Certain entities and persons affiliated with certain of the underwriters own or have an economic interest in shares of our common stock received upon the automatic conversion of our preferred stock acquired in private placements (as adjusted for the Forward Stock Split). The difference between the price paid for 69,170 of such shares (the “Acquired Securities”) and the public offering price in this offering will be deemed to be underwriting compensation in connection with this offering. The aggregate purchase price paid for the Acquired Securities was approximately $940,366. Such Acquired Securities will be subject to lock-up restrictions, as required by FINRA Rule 5110(g)(1), and may not be sold during the offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of such securities by any person for a period of 180 days immediately following the date of effectiveness of the registration statement of which this prospectus forms a part or commencement of sales of the offering, except as provided in FINRA Rule 5110(g)(2).

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 company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the company. 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.

European Economic Area

In relation to each Member State of the European Economic Area (each a “Member State”), no shares of our common stock have been offered or will be offered pursuant to the offering to the public in that Member State prior to the publication of a prospectus in relation to the shares which has been

approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our common stock shall require the company or the representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Canada

The securities may be sold in Canada 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 securities must be made in accordance with an exemption form, 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 thereto) 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 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.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case 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 in 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" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

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 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 Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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, in each case subject to conditions set forth in the SFA.

Where the 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, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in

Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This prospectus 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 prospectus nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, the Company or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules 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 prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby will be passed upon for us by Latham & Watkins LLP, New York, New York. Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, has acted as counsel for the underwriters in connection with certain legal matters related to this offering.

EXPERTS

The financial statements as of December 31, 2019 and 2018 and for the years then ended included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 2 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC also maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*.

Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. These reports, proxy statements, and other information will be available on the website of the SEC referred to above.

We also maintain a website at *www.vroom.com*, through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Vroom, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vroom, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as 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 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, since inception, the Company has had losses and negative cash flows from operations which it has funded primarily through issuances of common and preferred stock. The continued spread of COVID-19 has resulted in adverse macroeconomic conditions and uncertainties that have and are expected to continue to adversely impact the Company's liquidity and operations which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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/ PricewaterhouseCoopers LLP

New York, New York

March 12, 2020, except with respect to the matters that raise substantial doubt about the Company's ability to continue as a going concern discussed in Note 2 under Liquidity and Management's Plan, as to which the date is May 12, 2020

We have served as the Company's auditor since 2016.

VROOM, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	As of December 31,		As of March 31	Pro Forma as of March 31,
	2018	2019	2020 (unaudited)	2020 (unaudited)
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 161,656	$ 217,734	$ 169,842	
Restricted cash	1,853	1,853	32,501	
Accounts receivable, net	13,207	30,848	35,033	
Inventory	115,551	205,746	179,617	
Prepaid expenses and other current assets	5,214	9,149	12,264	
Total current assets	297,481	465,330	429,257	
Property and equipment, net	7,673	7,828	8,984	
Intangible assets, net	3,945	572	434	
Goodwill	78,172	78,172	78,172	
Operating lease right-of-use assets	—	—	16,656	
Other assets	5,573	11,485	13,580	
Total assets	$ 392,844	$ 563,387	$ 547,083	
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts payable	$ 14,824	$ 18,987	$ 16,033	
Accrued expenses	21,565	38,491	32,371	
Vehicle floorplan	95,482	173,461	165,166	
Current portion of long-term debt	8,386	135	137	
Deferred revenue	6,421	17,323	12,824	
Operating lease liabilities, current	—	—	4,724	
Other current liabilities	5,617	11,437	15,712	
Total current liabilities	152,295	259,834	246,967	
Long-term debt, net of current portion	16,045	181	145	
Operating lease liabilities, excluding current portion	—	—	12,912	
Other long-term liabilities	2,270	2,892	2,136	
Total liabilities	170,610	262,907	262,160	
Commitments and contingencies (Note 10)				
Redeemable convertible preferred stock, $0.001 par value; 35,316,392, 43,061,682, and 43,061,682 shares authorized as of December 31, 2018 and 2019 and March 31, 2020, respectively; 33,412,650, 41,784,314, and 42,766,697 shares issued and outstanding as of December 31, 2018 and 2019 and March 31, 2020, respectively; no shares issued and outstanding as of March 31, 2020, pro forma (unaudited); aggregate liquidation preference of $466,796, $694,477, and 721,161 as of December 31, 2018 and 2019 and March 31, 2020, respectively	519,100	874,332	901,046	—
Stockholders' deficit:				
Common stock, $0.001 par value; 46,476,600, 56,721,927, and 56,721,927 shares authorized as of December 31, 2018 and 2019 and March 31, 2020, respectively; 4,285,693, 4,325,461, and 4,226,848 shares issued and outstanding as of December 31, 2018 and 2019 and March 31, 2020, respectively; 93,987,090 shares issued and outstanding as of March 31, 2020, pro forma (unaudited)	4	4	4	94
Additional paid-in-capital	—	—	—	900,956
Accumulated deficit	(296,870)	(573,856)	(616,127)	(616,127)
Total stockholders' (deficit) equity	(296,866)	(573,852)	(616,123)	$ 284,923
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 392,844	$ 563,387	$ 547,083	

See Notes to Consolidated Financial Statements.

VROOM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Revenue:				
Retail vehicle, net	$ 656,928	$ 952,910	$ 178,750	$ 308,710
Wholesale vehicle	174,514	213,464	52,119	55,578
Product, net	19,653	23,708	3,745	11,044
Other	4,334	1,739	445	440
Total revenue	855,429	1,191,821	235,059	375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		$ (1.55)		$ (0.44)
Pro forma weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		92,174,590		94,004,850

See Notes to Consolidated Financial Statements.

VROOM, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at January 1, 2018	25,272,630	$360,165	4,261,055	$ 4	$ —	$ (201,503)	$ (201,499)
Cumulative effect of accounting change—revenue recognition	—	—	—	—	—	1,658	1,658
Stock-based compensation	—	—	—	—	1,158	—	1,158
Exercise of stock options	—	—	6,251	—	31	—	31
Vesting of restricted stock awards	—	—	18,387	—	—	—	—
Issuance of Series G redeemable convertible preferred stock, net of issuance costs	8,140,020	145,899	—	—	—	—	—
Accretion of redeemable convertible preferred stock	—	13,036	—	—	(1,189)	(11,847)	(13,036)
Net loss	—	—	—	—	—	(85,178)	(85,178)
Balance at December 31, 2018	33,412,650	$519,100	4,285,693	$ 4	$ —	$ (296,870)	$ (296,866)
Stock-based compensation	—	$ —	—	$ —	$ 2,756	$ —	$ 2,756
Exercise of stock options	—	—	67,975	—	466	—	466
Vesting of restricted stock awards	—	—	311,916	—	1,344	—	1,344
Repurchase of common stock	—	—	(340,123)	—	(4,566)	(1,258)	(5,824)
Issuance of Series H redeemable convertible preferred stock, net of issuance costs	8,371,664	222,482	—	—	—	—	—
Accretion of redeemable convertible preferred stock	—	132,750	—	—	—	(132,750)	(132,750)
Net loss	—	—	—	—	—	(142,978)	(142,978)
Balance at December 31, 2019	41,784,314	$874,332	4,325,461	$ 4	$ —	$ (573,856)	$ (573,852)
Stock-based compensation (unaudited)	—	$ —	—	$ —	$ 600	$ —	$ 600
Exercise of stock options (unaudited)	—	—	1,387	—	6	—	6
Repurchase of common stock (unaudited)	—	—	(100,000)	—	(606)	(1,212)	(1,818)
Issuance of Series H redeemable convertible preferred stock, net of issuance costs (unaudited)	982,383	26,714	—	—	—	—	—
Net loss (unaudited)	—	—	—	—	—	(41,059)	(41,059)
Balance at March 31, 2020 (unaudited)	42,766,697	$901,046	4,226,848	$ 4	$ —	$ (616,127)	$ (616,123)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at December 31, 2018	33,412,650	$519,100	4,285,693	$ 4	$ —	$ (296,870)	$ (296,866)
Stock-based compensation (unaudited)	—	$ —	—	$ —	$ 869	$ —	$ 869
Exercise of stock options (unaudited)	—	—	50,975	—	347	—	347
Repurchase of common stock (unaudited)	—	—	(46,593)	—	(1,216)	674	(542)
Accretion of redeemable convertible preferred stock (unaudited)	—	17,964	—	—	—	(17,964)	(17,964)
Net loss (unaudited)	—	—	—	—	—	(27,139)	(27,139)
Balance at March 31, 2019 (unaudited)	33,412,650	$537,064	4,290,075	$ 4	$ —	$ (341,299)	$ (341,295)

See Notes to Consolidated Financial Statements.

VROOM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Operating activities				
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	6,932	6,157	1,589	970
Amortization of debt issuance costs	279	357	83	94
Loss on extinguishment of debt	—	1,031	—	—
Stock-based compensation expense	1,158	2,756	869	600
Loss on disposal of property and equipment	3,198	789	747	—
Provision for doubtful accounts	—	789	—	345
Provision for inventory obsolescence	(1,069)	2,682	(1,271)	4,427
Revaluation of preferred stock warrant liability	174	769	82	(790)
Other	—	—	—	(39)
Changes in operating assets and liabilities:				
Accounts receivable	9,049	(18,430)	(4,161)	(4,530)
Inventory	11,902	(92,877)	(11,412)	21,702
Prepaid expenses and other current assets	(2,916)	(3,935)	(552)	(2,084)
Other assets	(3,105)	(3,487)	(1,781)	(807)
Accounts payable	(6,527)	4,035	(959)	(2,937)
Accrued expenses	6,291	10,131	3,272	(847)
Deferred revenue	860	10,902	(1,412)	(4,499)
Other liabilities	(5,959)	5,673	4,128	4,309
Net cash used in operating activities	(64,911)	(215,636)	(37,917)	(25,145)
Investing activities				
Purchase of property and equipment	(2,062)	(3,528)	(261)	(1,699)
Proceeds from the sale of property and equipment	14,850	—	—	—
Net cash provided by (used in) investing activities	12,788	(3,528)	(261)	(1,699)
Financing activities				
Repayments of long-term debt	(5,670)	(25,229)	(962)	(34)
Proceeds from long-term debt	—	412	412	—
Payments of debt extinguishment costs	—	(685)	—	—
Proceeds from vehicle floorplan	648,309	992,179	178,522	293,854
Repayments of vehicle floorplan	(656,194)	(914,200)	(162,322)	(302,149)
Payment of vehicle floorplan upfront commitment fees	—	—	—	(1,125)
Proceeds from the issuance of redeemable convertible preferred stock, net	145,899	227,502	—	21,694
Repurchase of common stock	—	(5,824)	(542)	(1,818)
Proceeds from exercise of stock options and vesting of restricted stock awards	31	1,810	347	6
Payments of costs related to planned initial public offering	—	(723)	—	(828)
Net cash provided by financing activities	132,375	275,242	15,455	9,600
Net increase (decrease) in cash, cash equivalents and restricted cash	80,252	56,078	(22,723)	(17,244)
Cash, cash equivalents and restricted cash at the beginning of period	83,257	163,509	163,509	219,587
Cash, cash equivalents and restricted cash at the end of period	$ 163,509	$ 219,587	$ 140,786	$ 202,343
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 7,743	$ 12,607	$ 2,514	$ 2,743
Cash paid for income taxes	$ 212	$ 157	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities:				
Accretion of redeemable convertible preferred stock	$ 13,036	$ 132,750	$ 17,964	$ —
Series H preferred stock issuance costs included in accrued expenses	$ —	$ 5,020	$ —	$ —
Costs related to planned initial public offering included in accrued expenses	$ —	$ 1,703	$ —	$ 2,162
Accrued property and equipment expenditures	$ —	$ 200	$ —	$ 289

See Notes to Consolidated Financial Statements.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description of Business and Organization

Vroom, Inc., and its wholly owned subsidiaries (collectively "the Company") is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles.

In December 2015, the Company acquired Houston-based Left Gate Property Holding, LLC (d/b/a as Texas Direct Auto and herein referred to as "TDA") which is the Company's physical retail location.

The Company currently is organized into three reportable segments: Ecommerce, TDA, and Wholesale. The Ecommerce reportable segment represents retail sales of used vehicles through the Company's ecommerce platform and fees earned on sales of value-added products associated with those vehicles sales. The TDA reportable segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicles sales. The Wholesale reportable segment represents sales of used vehicles through wholesale auctions.

The Company was incorporated in Delaware on January 31, 2012 under the name BCM Partners III, Corp. On June 25, 2013, the Company changed its name to Auto America, Inc. and on July 9, 2015, the Company changed its name to Vroom, Inc.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Unaudited Interim Consolidated Financial Statements

The accompanying interim consolidated balance sheet as of March 31, 2020, the interim consolidated statements of operations and cash flows for the three months ended March 31, 2019 and 2020 and the interim consolidated statements of redeemable convertible preferred stock and stockholders' deficit for the three months ended March 31, 2019 and 2020 and amounts relating to the interim periods included in the accompanying notes to the interim consolidated financial statements are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited consolidated financial statements, and in management's opinion, includes all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the Company's consolidated balance sheet as of March 31, 2020 and its results of operations and cash flows for the three months ended March 31, 2019 and 2020. The results for the three months ended March 31, 2020 are not necessarily indicative of the results expected for the fiscal year or any other periods.

Unaudited Pro Forma Consolidated Balance Sheet Information

The unaudited pro forma balance sheet information as of March 31, 2020 presents the Company's stockholders' equity (deficit) as though a 2-for-1 stock split of the Company's common stock had been effected and all of the Company's redeemable convertible preferred stock outstanding had automatically converted into an aggregate of 85,533,394 shares of the Company's common stock,

upon the completion of a qualifying initial public offering ("IPO") of the Company's common stock. The shares of common stock issuable and the proceeds expected to be received by the Company upon the completion of a qualifying IPO are excluded from such pro forma financial information.

On May 28, 2020, the Company's Board approved an amendment to the Company's certificate of incorporation (the "Amendment") to effect a 2-for-1 stock split of shares of the Company's outstanding common stock, such that each share of common stock, $0.001 par value becomes two shares of common stock, $0.001 par value per share. The Amendment will become effective when filed with the Secretary of State of the State of Delaware prior to the closing of the Company's initial public offering of common stock. As a result of the stock split, in accordance with the terms of the Company's certificate of incorporation, the conversion ratio of the Company's redeemable convertible preferred stock will automatically adjust such that each share of the Company's series redeemable convertible preferred stock will convert into two shares of the Company's common stock.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures. On an ongoing basis, the Company evaluates its estimates, including, among others, those related to income taxes, the realizability of inventory, stock-based compensation, contingencies, revenue-related reserves, fair value measurements, goodwill, and useful lives of property and equipment and intangible assets. The Company bases its estimates on historical experience, market conditions, and on various other assumptions that are believed to be reasonable. Actual results may differ from these estimates.

Beginning in the first quarter of 2020, the coronavirus disease ("COVID-19") pandemic has negatively impacted, and may continue to negatively impact, the macroeconomic environment in the United States and globally, including the Company's business, financial condition and results of operations. Due to the evolving and uncertain nature of COVID-19, it is reasonably possible that it could materially impact the Company's estimates, particularly those noted above that require consideration of forecasted financial information, in the near to medium term. The ultimate impact will depend on numerous evolving factors that the Company may not be able to accurately predict, including the duration and extent of the pandemic, the impact of federal, state, local and foreign governmental actions, consumer behavior in response to the pandemic and other economic and operational conditions the Company may face.

Comprehensive Loss

The Company did not have any other comprehensive income or loss for years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020. Accordingly, net loss and comprehensive loss are the same for the periods presented.

Revenue Recognition

Revenue consists of retail used vehicle sales, wholesale used vehicle sales, fees earned on sales of value-added products to customers in connection with vehicles sales, and other revenues. Refer to Note 3 – Revenue Recognition for a discussion of the Company's significant accounting policies related to revenue recognition.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cost of sales

Cost of sales primarily includes the cost to acquire used vehicles, inbound transportation costs and direct and indirect reconditioning costs associated with preparing vehicles for resale. Reconditioning costs include parts, labor and third-party reconditioning costs directly attributable to the vehicle and allocated overhead costs. Cost of sales also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits at financial institutions and highly liquid investments with original maturities of three months or less. Outstanding checks that are in excess of the cash balances at certain financial institutions are included in “Accounts payable” in the consolidated balance sheets and changes in these amounts are reflected in operating cash flows in the consolidated statements of cash flows.

Restricted Cash

Restricted cash as of December 31, 2018 and 2019 and March 31, 2020 includes cash deposits required under letter of credit agreements as explained in Note 10 – Commitments and Contingencies. Restricted cash as of March 31, 2020 also includes a $30.6 million cash deposit required under the Company’s 2020 Vehicle Floorplan Facility as explained in Note 8 – Vehicle Floorplan Facilities.

Accounts Receivable, Net

Accounts receivable, net of an allowance for doubtful accounts, includes amounts due from customers and from third-party financial institutions related to vehicle purchases. The allowance for doubtful accounts is estimated based upon historical experience, age of the balances, current economic conditions and other factors and is evaluated as of each reporting date. The allowance for doubtful accounts was $0.0, $0.8 million and $1.1 million as of December 31, 2018 and 2019 and March 31, 2020, respectively. Increases and decreases in the allowance for doubtful accounts are recorded in “Selling, general and administrative expenses” in the consolidated statements of operations.

Inventory

Inventory consists primarily of used vehicles and parts and accessories and is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification and includes acquisition cost, direct and indirect reconditioning costs and inbound transportation expenses. Net realizable value represents the estimated selling price less costs to complete, dispose and transport the vehicles. The Company recognizes any necessary adjustments to reflect inventory at the lower of cost or net realizable value through adjustments to “Cost of sales” in the consolidated statements of operations.

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation and amortization. Charges for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are written off and any resulting gains or losses are recorded during the period.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives of the assets:

Equipment	3 to 7 years
Furniture and fixtures	3 to 15 years
Company Vehicles	4 to 7 years
Leasehold improvements	Lesser of useful life or lease term
Internal-use software	3 to 5 years

The Company capitalizes direct costs of materials and services utilized in developing or obtaining internal-use software. The Company also capitalizes payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of software products for internal use, to the extent of the time spent directly on the project. Capitalization of costs begins during the application development stage and ends when the software is available for general use. Costs incurred during the preliminary project and post-implementation stages are charged to expense as incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of October 1 or whenever events or changes in circumstances indicate that an impairment may exist.

The Company has three reporting units: Ecommerce, TDA, and Wholesale. In performing its annual goodwill impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and the Company's goodwill is not considered to be impaired. However, if based on the qualitative assessment the Company concludes that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if the Company elects to bypass the optional qualitative assessment as provided for under U.S. GAAP, the Company proceeds with performing the quantitative impairment test.

As a result of developments in the current economic environment related to the COVID-19 pandemic and its impact on the operations of the Company's physical retail location, the Company determined that an interim quantitative goodwill impairment test was required for the TDA reporting unit as of March 31, 2020. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test. Given the amount the fair value for the Ecommerce and Wholesale reporting units exceeded their carrying values, and after considering other relevant qualitative factors, the Company determined that interim goodwill tests were not required for these reporting units, as the Company determined it is not more likely than not that the fair value is less than the carrying value.

No goodwill impairment was determined to exist in connection with the Company's annual impairment tests for the years ended December 31, 2018 and 2019. In connection with its annual goodwill impairment test as of October 1, 2019, the Company performed qualitative impairment assessments for each of its reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. In connection with the annual goodwill impairment test as of October 1, 2018, the Company performed

qualitative impairment assessments for the Ecommerce and Wholesale reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. For the TDA reporting unit, the Company determined the most effective approach was to bypass the optional qualitative assessment and perform a quantitative impairment test. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test.

A quantitative goodwill impairment test requires a determination of whether the estimated fair value of a reporting unit is less than its carrying value. The Company estimates the fair value of a reporting unit using an income valuation approach. The income valuation approach is applied using the discounted cash flow method which requires (1) estimating future cash flows for a discrete projection period (2) estimating the terminal value, which reflects the remaining value that the reporting unit is expected to generate beyond the projection period and (3) discounting those amounts to present value at a discount rate which is based on a weighted average cost of capital that considers the relative risk of the cash flows. The income valuation approach requires the use of significant estimates and assumptions, which include revenue growth rates, future gross profit margins and operating expenses used to calculate projected future cash flows, determination of the weighted average cost of capital, and future economic and market conditions. The terminal value is based on an exit multiple which requires significant assumptions regarding the selection of appropriate multiples that consider relevant market trading data. The Company bases its estimates and assumptions on its knowledge of the automotive and ecommerce industries, its recent performance, its expectations of its future performance, and other assumptions it believes to be reasonable. Actual future results may differ from those estimates. The Company also makes certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of its reporting units.

The Company's intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Trademarks	5 years
Technology	4 years

The Company periodically reassesses the useful lives of its definite-lived intangible assets when events or circumstances indicate that useful lives have significantly changed from the previous estimate.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When impairment indicators are present, the recoverability of an asset is measured by comparing the carrying value of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recognized for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020.

Deferred Offering Costs

Deferred offering costs, including legal, accounting and other fees and costs relating to the Company's planned initial public offering, are capitalized and included within "Other assets" in the

consolidated balance sheets. The deferred offering costs will be offset against initial public offering proceeds within equity upon the closing of the initial public offering. As of December 31, 2018 and 2019 and March 31, 2020, there were $0.0 million, $2.4 million and $3.8 million, respectively, of capitalized deferred offering costs included within “Other assets.”

Vehicle Floorplan

The vehicle floorplan facility reflects amounts borrowed by the Company to finance the purchase of specific vehicle inventories. Portions of the vehicle floorplan facility are settled on a daily basis depending on the Company’s sales and purchasing activity. The vehicle floorplan facility is collateralized by vehicle inventories and certain other assets of the Company. Borrowings and repayments are presented separately and classified as financing activities within the consolidated statements of cash flows.

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as for operating loss and tax credit carry forwards. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which the Company expects to recover or settle those temporary differences. The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. The Company reduces the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is “more-likely-than-not” that the Company will not realize some or all of the deferred tax asset. The Company accounts for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon technical merits, it is “more likely than not” that the position will be sustained upon examination. Potential interest and penalties associated with unrecognized tax positions are recognized in income tax expense.

Stock-Based Compensation

The Company recognizes the cost of employee services received in exchange for stock awards based on the fair value of those awards at the date of grant over the requisite service period. The Company uses the Black-Scholes-Merton (“Black-Scholes”) option pricing model to determine the fair value of its stock-based awards. Estimating the fair value of stock-based awards requires the input of subjective assumptions, including the estimated fair value of the Company’s common stock, the expected life of the options, stock price volatility, the risk-free interest rate and expected dividends. The assumptions used in the Company’s Black-Scholes option-pricing model represent management’s best estimates and involve a number of variables, uncertainties and assumptions and the application of management’s judgment, as they are inherently subjective.

Advertising

Advertising costs are expensed as incurred and are included within “Selling, general and administrative expenses” in the consolidated statements of operations. Advertising expenses were $25.6 million and $49.9 million for the years ended December 31, 2018 and 2019, respectively and $7.1 million and $17.9 million for the three months ended March 31, 2019 and 2020, respectively.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shipping and Handling

The Company's logistics costs related to transporting its used vehicle inventory primarily include third-party transportation fees. The portion of these costs related to inbound transportation from the point of acquisition to the relevant reconditioning facility is included in cost of sales when the related used vehicle is sold. Logistics costs not included in cost of sales are accounted for as costs to fulfil contracts with customers and are included in "Selling, general and administrative expenses" in the consolidated statements of operations and were $6.4 million and $14.0 million for the years ended December 31, 2018 and 2019, respectively and $2.3 million and $5.8 million for the three months ended March 31, 2019 and 2020, respectively.

Concentration of Credit Risk and Significant Customers

The Company's principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents and accounts receivable, which are unsecured. The Company's cash and cash equivalents are maintained at various large financial institutions. Deposits held with financial institutions may at times exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, management believes they bear minimal risk. Concentration of credit risk with respect to accounts receivables is generally mitigated by a large customer base.

For the years ended December 31, 2018 and 2019 and the three months ended March 31, 2019 and 2020, no customer represented 10% or more of the Company's revenues or accounts receivable.

Liquidity and Management's Plan

For the years ended December 31, 2018 and 2019, the Company generated negative cash flows from operations of approximately $64.9 million and $215.6 million, respectively, and generated net losses of approximately $85.2 million and $143.0 million, respectively. For the three months ended March 31, 2019 and 2020, the Company generated negative cash flows from operations of approximately $37.9 million and $25.1 million, respectively, and generated net losses of approximately $27.1 million and $41.1 million, respectively. Since inception, the Company has had negative cash flows and losses from operations which it has funded primarily through issuances of common and preferred stock. The Company has historically funded vehicle inventory purchases through its vehicle floorplan facility (refer to Note 8 – Vehicle Floorplan Facilities). As further discussed in Note 8, the Company entered into a new vehicle floorplan facility in March 2020 which increased the borrowing capacity up to $450.0 million and extended the term through March 2021.

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainties and economic disruption, and leading to record levels of unemployment nationally. The Company expects that its operations will continue to be adversely impacted throughout 2020 and potentially beyond, however, the magnitude and duration of the ultimate impact is impossible to predict with certainty.

In response to the COVID-19 disruptions, the Company implemented a number of measures designed to protect the health and safety of its workforce, manage its inventory exposure, conserve liquidity and reduce its operating costs, including: furloughing approximately one-third of its workforce, reducing salaries of its executives and employees, strategically evaluating its exposure to inventory and floorplan liability and reducing its marketing expenses. The Company believes it can continue to take similar actions, to the extent needed, to further reduce its cost structure.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If the Company successfully completes its planned initial public offering, it would provide net proceeds which the Company believes will be sufficient to provide the liquidity necessary to satisfy its obligations over the next twelve months.

There can be no assurance that the Company will be able to complete its planned initial public offering and raise sufficient additional capital or take other actions that will provide it with sufficient liquidity to satisfy its obligations over the next twelve months.

In accordance with Accounting Standards Update 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 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 or available to be issued. The COVID-19 pandemic described above, combined with the losses and negative cash flows from operations since inception, and the fact that management's plan to obtain additional capital has not yet been completed, have raised substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Accordingly, the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Under the two-class method, net loss is attributed to common stockholders and participating securities based on their participation rights. The Company considers all series of its redeemable convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of the Company's redeemable convertible preferred stock do not have a contractual obligation to share in the Company's losses. Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The accretion of the Company's redeemable convertible preferred stock (refer to Note 12) has been presented as an increase to net loss to determine net loss attributable to common stockholders.

Adoption of New Accounting Standards

The Company qualifies to be treated as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and therefore intends to take advantage of certain exemptions from various public company reporting requirements, including delaying adoption of new or revised accounting standards until those standards apply to private companies. The Company has elected to use this extended transition period under the JOBS Act. The effective dates shown below reflect the election to use the extended transition period.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Standards Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers ("Topic 606")*, which amends the guidance on revenue recognition. Under the new standard, revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. The principles in the standard are applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied. The standard also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB also subsequently issued several amendments to the standard to clarify the guidance.

The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018. The Company elected to early adopt Topic 606 as of January 1, 2018 utilizing the modified retrospective approach applied only to contracts not completed as of the date of adoption. The Company recognized a net decrease to accumulated deficit of $1.7 million as January 1, 2018 due to the cumulative effect of adopting Topic 606.

The cumulative effect adjustment primarily resulted from a change in revenue recognition for sales of extended warranty contracts which are provided by a third-party and are sold by the Company on a commission basis. For these products, the Company is contractually entitled to receive profit-sharing revenues based on the performance of the extended warranty contracts once a required claims period has passed. The Company previously recognized this revenue at each reporting date based on the performance of the extended warranty contracts at such date. Under Topic 606, profit sharing revenues are recognized earlier because they represent variable consideration which the Company estimates and recognizes at the time the extended warranties are sold to the end-customer.

Topic 606 also requires the Company to make additional disclosures about the amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Refer to Note 3 – Revenue Recognition for further information on the Company's revenue recognition accounting policies.

In February 2016, the FASB issued, ASU 2016-02*, Leases (Topic 842)*, which amends the accounting guidance on leases. The new standard requires a lessee to recognize right-of-use assets and lease obligations on the balance sheet for most lease agreements. Leases are classified as either operating or finance, with classification affecting the pattern of expense recognition in the statement of operations. The FASB also subsequently issued amendments to the standard to provide additional practical expedients and an additional transition method option. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020 and early adoption is permitted.

The Company elected to early adopt Topic 842 as of January 1, 2020 using the modified retrospective approach with a cumulative-effect adjustment to opening retained earnings (accumulated deficit) with no restatement of comparative periods. Upon adoption, the Company recognized $18.4 million of operating lease liabilities and $17.4 million of operating lease right-of-use assets. The adoption of Topic 842 did not result in a cumulative effect adjustment to accumulated deficit.

Topic 842 provides various optional practical expedients for transition. The Company elected to utilize the package of practical expedients for transition which permitted the Company to not reassess its prior conclusions regarding whether a contract is or contains a lease, lease classification and initial direct costs. The Company did not elect the hindsight practical expedient to determine lease terms.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Topic 842 also provides optional practical expedients for an entity's ongoing lease accounting. The Company elected the short-term lease recognition exemption for all leases that qualify and the practical expedient to not separate lease and non-lease components of leases.

In August 2016, the FASB issued new guidance, ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which clarifies how entities should classify cash receipts and cash payments related to eight specific cash flow matters on the statement of cash flows, with the objective of reducing existing diversity in practice. The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018 and is required to be applied retrospectively. The Company early adopted the guidance on January 1, 2018 which did not have a material impact on the Company's consolidated statements of cash flows.

In November 2016, the FASB issued new guidance, ASU 2016-18, *Restricted Cash*, which requires that an entity's statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Accordingly, restricted cash and restricted cash equivalents are required to be included with cash and cash equivalents when reconciling the beginning and end of period total amounts shown on the statement of cash flows. The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018 and is required to be applied retrospectively. The Company early adopted this guidance on January 1, 2018, and made the relevant changes, which were not material, to the Company's consolidated statements of cash flows.

In January 2017, the FASB issued new guidance, ASU 2017-01*, Business Combinations (Topic 805): Clarifying the Definition of a Business,* which changes the definition of a business to assist entities with evaluating whether transactions should be accounted for as transfers of assets or business combinations. The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018 and is required to be applied prospectively. The Company early adopted this guidance on January 1, 2018. This guidance will be applied prospectively to business combinations and did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued new guidance, ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating the second step of the goodwill impairment test. Under the new guidance, an entity performs its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge, if applicable, for the amount by which the carrying amount exceeds the reporting unit's fair value. The impairment charge recognized should not exceed the total amount of goodwill allocated to the reporting unit. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020 and is required to be applied prospectively. The Company early adopted this guidance on January 1, 2018 which did not have an impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). The intent of this new guidance is to align the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software as defined in ASC 350-40. Under ASU 2018-15, the capitalized implementation costs related to a cloud computing arrangement will be amortized over the term of the arrangement and all capitalized implementation amounts will be required to be presented in the same line items of the financial statements as the related hosting fees.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. As permitted by the standard, the Company early adopted ASU 2018-15 as of January 1, 2019. The new guidance was applied prospectively to all implementation costs incurred after the date of adoption and resulted in the capitalization of $2.7 million of implementation costs, which primarily relate to the Company's hosted general ledger system. Capitalized implementation costs are included in "Other assets" in the consolidated balance sheet as of December 31, 2019 and are amortized over the terms of the arrangements, which range between 2 and 5 years. Total amortization expense for the year ended December 31, 2019 was $0.3 million and total amortization expense for the three months ended March 31, 2019 and 2020 was $0.0 million and $0.2 million, respectively.

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,* related to updated requirements over the disclosures of fair value measurements. Under ASU 2018-13, certain disclosure requirements for fair value measurements will be eliminated, modified or added to facilitate better disclosure regarding recurring and non-recurring fair value measurements. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, with some amendments applied prospectively, some applied retrospectively. The Company adopted the guidance on January 1, 2020 which did not have a material impact on the Company's consolidated financial statements and related disclosures.

Accounting Standards Issued But Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial instruments, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for most financial assets, including trade receivables, and other instruments that are not measured at fair value through net income. The guidance is effective for financial statements issued for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which enhances and simplifies various aspects of the income tax accounting guidance including the elimination of certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance will be effective for fiscal years beginning after December 15, 2021, and interim periods in fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and related disclosures.

3. Revenue Recognition

The Company recognizes revenue upon transfer of control of goods or services to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company may collect sales taxes and other taxes from customers on behalf of governmental authorities at the time of sale as required. These taxes are accounted for on a net basis and are not included in revenues or cost of sales.

The Company's revenue is disaggregated within the consolidated statements of operations and is generated from customers throughout the United States. The Company recognizes revenue at a point in time as described below.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Retail Vehicle Revenue

The Company sells used vehicles to its retail customers through its ecommerce platform and TDA retail location. The transaction price for used vehicles is a fixed amount as set forth within the customer contract at the time of sale. Customers frequently trade-in their existing vehicle to apply toward the transaction price of a used vehicle. Trade-in vehicles represent non-cash consideration which the Company measures at fair value based on external and internal market data for each specific vehicle. The Company satisfies its performance obligation and recognizes revenue for used vehicle sales generally at a point in time when the vehicles are delivered to the customer for ecommerce sales or picked up by the customer for TDA sales. The revenue recognized by the Company includes the agreed upon transaction price, including any delivery charges stated within the customer contract. Revenue excludes any sales taxes, title and registration fees, and other government fees that are collected from customers.

The Company receives payment for used vehicle sales directly from the customer at the time of sale or from third-party financial institutions within a short period of time following the sale if the customer obtains financing. Payments received prior to delivery or pick-up of used vehicles are recorded as “Deferred revenue” within the consolidated balance sheets.

The Company offers a return policy for used vehicle sales and establishes a provision for estimated returns based on historical information and current trends. The reserve for estimated returns is presented gross on the consolidated balance sheets, with an asset recorded in “Prepaid expenses and other current assets” and a refund liability recorded in “Other current liabilities.”

Wholesale Vehicle Revenue

The Company sells vehicles that do not meet its retail sales criteria through third-party wholesale auctions. Vehicles sold at auction are acquired from customers who trade-in their vehicles when making a purchase from the Company and also from customers who sell their vehicles to the Company in direct-buy transactions. The transaction price for wholesale vehicles is a fixed amount that is determined at the auction. The Company satisfies it performance obligation and recognizes revenue for wholesale vehicle sales at a point in time when the vehicle is sold at auction. The transaction price is typically due and collected within a short period of time following the vehicle sales.

Product Revenue

The Company’s product revenue consists of fees earned on selling extended warranty contracts, guaranteed asset protection (“GAP”) and wheel and tire coverage. The Company sells these products pursuant to arrangements with the third parties that provide these products and are responsible for their fulfillment. The Company concluded that it is an agent for these transactions because it does not control the products before they are transferred to the customer. The Company recognizes product revenues on a net basis when the customer enters into an arrangement for the products, which is typically at the time of a used vehicle sale.

Customers may enter into a retail installment sales contract to finance the purchase of used vehicles. The Company sells these contracts on a non-recourse basis to various financial institutions. The Company receives a fee from the financial institution based on the difference between the interest rate charged to the customer that purchased the used vehicle and the interest rate set by the financial institution. These fees are recognized upon sale and assignment of the installment sales contract to the financial institution, which occurs concurrently at the time of a used vehicle sale.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A portion of the fees earned on these products is subject to chargebacks in the event of early termination, default, or prepayment of the contracts by end-customers. The Company's exposure for these events is limited to the fees that it receives. An estimated refund liability for chargebacks against the revenue recognized from sales of these products is recorded in the period in which the related revenue is recognized and is based primarily on the Company's historical chargeback experience. The Company updates its estimates at each reporting date. As of December 31, 2018 and 2019 and March 31, 2020, the Company's reserve for chargebacks was $1.7 million, $3.3 million and $3.5 million, respectively, of which $1.3 million, $1.8 million and $2.0 million, respectively, are included within "Accrued expenses" and $0.4 million, $1.5 million and $1.5 million, respectively, are included in "Other long-term liabilities."

The Company also is contractually entitled to receive profit-sharing revenues based on the performance of the extended warranty policies once a required claims period has passed. The Company recognizes profit-sharing revenues to the extent it is probable that it will not result in a significant revenue reversal. The Company estimates the revenue based on historical claims and cancellation data from its customers, as well as other qualitative assumptions. The Company reassesses the estimate at each reporting period with any changes reflected as an adjustment to revenues in the period identified. As of December 31, 2018 and 2019 and March 31, 2020, the Company recognized $4.2 million, $6.9 million and $8.0 million, respectively, related to cumulative profit-sharing payments to which it expects to be entitled, of which $0.1 million, $0.3 million and $1.0 million, respectively, are included within "Prepaid expenses and other current assets" and $4.1 million, $6.6 million and $7.0 million, respectively, are included within "Other assets."

Other Revenue

Other revenue primarily consists of labor and parts revenue earned by the Company for vehicle repair services at TDA.

Contract Costs

The Company has elected, as a practical expedient, to expense sales commissions when incurred because the amortization period would have been less than one year. These costs are recorded within "Selling general and administrative expenses" in the consolidated statements of operations.

4. Inventory

Inventory consisted of the following (in thousands):

	December 31,		March 31,
	2018	2019	2020
			(unaudited)
Vehicles	$ 115,213	$ 203,290	$ 178,130
Parts and accessories	338	2,456	1,487
Total inventory	$ 115,551	$ 205,746	$ 179,617

As of December 31, 2018 and 2019 and March 31, 2020, "Inventory" includes an adjustment of $3.6 million, $6.3 million, and $10.7 million, respectively, to record the balances at the lower of cost or net realizable value.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Equipment	$ 866	$ 930	$ 930
Furniture and fixtures	1,837	1,725	1,725
Company vehicles	1,494	1,151	1,151
Leasehold improvements	7,297	6,556	6,556
Internal-use software	1,460	4,406	6,357
Other	1,982	2,580	2,617
	14,936	17,348	19,336
Accumulated depreciation and amortization	(7,263)	(9,520)	(10,352)
Property and equipment, net	$ 7,673	$ 7,828	$ 8,984

Depreciation and amortization expense was $3.5 million and $2.8 million for the years ended December 31, 2018 and 2019, respectively, and $0.7 million and $0.9 million for the three months ended March 31, 2019 and 2020, respectively. Depreciation and amortization expense of $0.1 million was included within “Cost of sales” in the consolidated statements of operations for the years ended December 31, 2018 and 2019 and the three months ended March 31, 2019. For the three months ended March 31, 2020, depreciation and amortization expense included within “Cost of sales” was $0.0 million.

6. Goodwill and Intangible Assets

The carrying amount of goodwill allocated to the Company’s reportable segments was as follows (in thousands):

	Ecommerce	TDA	Wholesale	Total
Balance as of January 1, 2018	$ 72,231	$4,221	$ 1,720	$78,172
Change in carrying amount	—	—	—	—
Balance as of December 31, 2018	**$ 72,231**	**$4,221**	**$ 1,720**	**$78,172**
Change in carrying amount	—	—	—	—
Balance as of December 31, 2019	**$ 72,231**	**$4,221**	**$ 1,720**	**$78,172**
Change in carrying amount (unaudited)	—	—	—	—
Balance as of March 31, 2020 (unaudited)	**$ 72,231**	**$4,221**	**$ 1,720**	**$78,172**

There have been no accumulated impairment charges for goodwill.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's intangible assets consisted of the following (in thousands):

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (1,481)	$ 1,009
Technology	11,500	(8,686)	2,814
Other	252	(130)	122
Total intangible assets	$14,242	$ (10,297)	$ 3,945

	December 31, 2019		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (1,990)	$ 500
Technology	11,500	(11,500)	—
Other	252	(180)	72
Total intangible assets	$14,242	$ (13,670)	$ 572

	March 31, 2020 (unaudited)		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (2,114)	$ 376
Technology	11,500	(11,500)	—
Other	252	(194)	58
Total intangible assets	$14,242	$ (13,808)	$ 434

Amortization expense for intangible assets was $3.4 million for each of the years ended December 31, 2018 and 2019 and $0.9 million and $0.1 million for the three months ended March 31, 2019 and 2020, respectively.

The estimated annual amortization expense for intangible assets subsequent to December 31, 2019 consists of the following (in thousands):

Year Ending December 31:	
2020	$ 538
2021	29
2022	5
	$ 572

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Accrued Expenses and Other Current Liabilities

The Company's accrued expenses consisted of the following (in thousands):

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Accrued marketing expenses	$ 4,083	$ 3,158	$ 3,695
Vehicle related expenses	4,015	8,923	6,812
Sales taxes	2,049	7,455	10,199
Accrued compensation and benefits	2,877	3,386	3,347
Accrued professional services	1,955	2,964	2,527
Accrued Series H preferred stock issuance costs	—	5,020	—
Lease exit costs	1,375	531	—
Other	5,211	7,054	5,791
Total accrued expenses	$21,565	$38,491	$ 32,371

During the year ended December 31, 2018, the Company recorded lease exit costs of $2.6 million related to certain cost saving initiatives, which were recorded within "Selling, general and administrative expenses" in the consolidated statements of operations. The associated lease exit cost liability was $2.6 million and $0.5 million as of December 31, 2018 and 2019, respectively, of which $1.4 million and $0.5 million, respectively, were included within "Accrued expenses" and $1.2 million and $0.0 million, respectively, were included in "Other long-term liabilities."

The Company's other current liabilities consisted of the following (in thousands):

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Vehicle payable	$4,799	$ 8,904	$ 11,857
Other	818	2,533	3,855
Total other current liabilities	$5,617	$11,437	$ 15,712

8. Vehicle Floorplan Facilities

In March 2020, the Company entered into a new vehicle floorplan facility with Ally Bank and Ally Financial (the "2020 Vehicle Floorplan Facility"), which replaces the Company's existing vehicle floorplan facility. The 2020 Vehicle Floorplan Facility provides a committed credit line up to $450.0 million which expires in March 2021. The amount of credit line available is determined on a monthly basis based on a calculation that considers average outstanding borrowings and vehicle units paid off by the Company within the immediately preceding three-month period. The Company may elect to increase its monthly credit line availability by an additional $25.0 million during any three months of each year. As of March 31, 2020, the borrowing capacity of the 2020 Vehicle Floorplan Facility was $306.5 million, of which $141.3 million was unutilized.

Outstanding borrowings related to the 2020 Vehicle Floorplan Facility are due as the vehicles financed are sold, or in any event, on the maturity date. The 2020 Vehicle Floorplan Facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a spread of 425 basis points. The 2020 Vehicle Floorplan Facility is collateralized by the Company's vehicle inventory and certain other assets and the Company is subject to covenants that require it to maintain a certain level of equity in the vehicles that are financed, to maintain at least 10% of the outstanding borrowings in cash and cash equivalents, to maintain 10% of the monthly credit line availability on deposit with Ally Bank and to maintain a minimum tangible adjusted net worth of $167.0 million, which is defined as shareholder (deficit) equity plus redeemable convertible preferred stock as determined under US GAAP. The Company was required to pay an upfront commitment fee of $1.1 million upon execution of the 2020 Vehicle Floorplan Facility.

The Company previously entered into a vehicle floorplan (the "Vehicle Floorplan Facility") with Ally Bank and Ally Financial in April 2016, as subsequently amended. The Vehicle Floorplan Facility consisted of a revolving line of credit with a borrowing capacity of $117.0 million and $220.0 million as of December 31, 2018 and 2019, respectively, which could be used to finance the Company's vehicle inventory. For the years ended December 2018 and 2019, the Company's ability to request and obtain borrowings under the Vehicle Floorplan Facility could be terminated at the lender's discretion upon the lender providing sixty calendar days prior written notice.

Outstanding borrowings related to the Vehicle Floorplan Facility were due on demand or as the vehicles financed are sold. The Vehicle Floorplan Facility was collateralized by the Company's vehicle inventory and certain other assets of the Company and included two affirmative covenants which required the Company to maintain a certain level of equity in the vehicles that were financed and to maintain at least 10% of the outstanding borrowings in cash and cash equivalents. The interest rate on the Vehicle Floorplan Facility was equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus a spread of 425 basis points and was payable on a monthly basis.

As of December 31, 2018 and 2019 and March 31, 2020, outstanding borrowings on the vehicle floorplan facilities were $95.5 million, $173.5 million and $165.2 million, respectively.

Interest expense incurred by the Company for the vehicle floorplan facilities was $4.7 million and $10.4 million for the years and December 31, 2018 and 2019, respectively, and $1.9 million and $2.7 million for the three months ended March 31, 2019 and 2020, respectively, which are recorded within "Interest expense" in the consolidated statements of operations. The weighted average interest rate on the vehicle floorplan borrowings was 6.56%, 6.00% and 5.9% as of December 31, 2018 and 2019 and March 31, 2020, respectively.

As of December 31, 2018 and 2019 and March 31, 2020, the Company was in compliance with all covenants related to the vehicle floorplan facilities.

In connection with the vehicle floorplan facilities, the Company entered into credit balance agreements with Ally Bank and Ally Financial that permits the Company to deposit cash with the bank for the purpose of reducing the amount of interest payable for borrowings. Interest credits earned by the Company were $2.9 million and $5.1 for the years and December 31, 2018 and 2019, respectively, and $1.6 million and $1.7 million for the three months ended March 31, 2019 and 2020, respectively, which are recorded within "Interest income" in the consolidated statements of operations.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Term loan credit facility	$ 25,000	$ —	$ —
Other	129	316	282
Total debt	25,129	316	282
Less: current portion	(8,386)	(135)	(137)
Less: unamortized debt issuance costs	(698)	—	—
Total long-term debt, net	$ 16,045	$ 181	$ 145

Scheduled maturities of debt subsequent to December 31, 2019 are as follows (in thousands):

Year Ending December 31,	
2020	$135
2021	144
2022	37
Total	$316

Term Loan Credit Facility

On August 11, 2017 (the “Closing Date”), the Company entered into a Loan and Security Agreement with Eastward Fund Management, LLC for a term loan credit facility in an aggregate principal amount of up to $50.0 million (the “Term Loan Facility”). On the Closing Date, the Company borrowed $25.0 million of principal (the “Closing Date Advance”) and paid a $0.5 million facility fee to the lender and certain other issuance costs that were deducted from the proceeds. The Company did not request any additional borrowings under the Term Loan Facility.

In December 2019, the Company repaid in full the outstanding balance on the Term Loan Facility and recognized a loss on extinguishment of $1.0 million which is included within “Interest expense” within the consolidated statement of operations for the year ended December 31, 2019. As of December 31, 2018, the outstanding balance on the Term Loan Facility, net of unamortized debt issuance costs of $0.7 million, was $24.3 million.

The Closing Date Advance accrued interest at an annual rate of 11.73%, which was required to be paid monthly on the first business day of each month (the “Payment Date”). The final principal installment payment for the Closing Date Advance required an additional final payment equal to 3.5% of the original principal amount. The principal amount of the Closing Date Advance was required to be repaid in equal monthly installments commencing with the 19th Payment Date of the advance and ending on the 48th Payment Date of the advance.

Mortgage payable

On June 1, 2016, the Company entered into a Commercial Real Estate Loan and Security Agreement and Promissory Note with Ally Bank (the “Ally Mortgage Payable”) to borrow $6.0 million,

related to a facility the Company owned in Grand Prairie, Texas. In February 2018, the Company sold the related property and repaid the outstanding principal and accrued interest which totaled $5.5 million. The Ally Mortgage Payable accrued interest at a fixed annual rate of 4.78% and principal payments of $25 thousand plus interest were due on a monthly basis beginning in July 2016.

10. Commitments and Contingencies

Litigation

From time to time, the Company is involved in various claims and legal actions that arise in the ordinary course of business. As of December 31, 2018 and 2019 and March 31, 2020, the Company was not a party to any legal proceedings, that individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's consolidated results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more matters could have a material adverse effect on the Company's consolidated results of operations, financial condition or cash flows.

Letters of Credit

The Company has obtained stand-by letters of credit totaling $1.9 million to satisfy conditions under two lease agreements. The Company is required to maintain a cash deposit of $1.9 million with the financial institution that issued the stand-by letter of credits, which is classified as "Restricted cash" within the consolidated balance sheets as of December 31, 2018 and 2019 and March 31, 2020, respectively.

Other Matters

The Company enters into agreements with third parties in the ordinary course of business that may contain indemnification provisions. In the event that an indemnification claim is asserted, the Company's liability, if any, would be limited by the terms of the applicable agreement. Historically, the Company has not incurred material costs to defend lawsuits or settle claims related to indemnification provisions.

11. Leases

The Company's leasing activities primarily consists of real estate leases for its operations, including office space, the Company's reconditioning facility and its physical retail location in Houston, the Company's Sell Us Your Car centers, parking lots and other facilities. The real estate leases have terms ranging from six months to eight years. The Company also has leases for various types of equipment, which are not material, individually or in the aggregate. The Company assesses whether each lease is an operating or finance lease at the lease commencement date. The Company does not have any material leases, individually or in the aggregate, classified as a finance leasing arrangement.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have any significant leases that have not yet commenced but that create significant rights and obligations for the Company.

The Company's real estate leases often require it to make payments for maintenance in addition to rent as well as payments for real estate taxes and insurance. Maintenance, real estate taxes, and

insurance payments are generally variable costs which are based on actual expenses incurred by the lessor. Therefore, these amounts are not included in the consideration of the contract when determining the right-of-use asset and lease liability but are reflected as variable lease expenses.

Leases with an initial term of 12 months or less are not recorded on the Company's consolidated balance sheet and expense for these leases are recognized on a straight-line basis over the lease term.

Options to extend or terminate leases

Certain of the Company's real estate leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years. The exercise of lease renewal options is at the Company's sole discretion. If it is reasonably certain that the Company will exercise such options, the periods covered by such options are included in the lease term and are recognized as part of the Company's right-of-use assets and lease liabilities. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Lease term and discount rate

As of March 31, 2020, the weighted-average remaining lease term and discount rate for the Company's operating leases were 4.2 years and 3.4%, excluding short-term operating leases.

As the rate implicit in the lease is generally not readily determinable for the Company's operating leases, the discount rates used to determine the present value of the Company's lease liabilities are based on the Company's incremental borrowing rate at the lease commencement date and commensurate with the remaining lease term. The incremental borrowing rate for a lease is the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. The Company determines its incremental borrowing rate based on a synthetic credit rating that was developed with the assistance of a third party specialist.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lease costs and activity

The Company's lease costs and activity for the three months ended March 31, 2020 were as follows (in thousands):

Lease Cost	Three Months Ended March 31, 2020 (unaudited)
Operating lease cost	$ 1,398
Short-term lease cost	884
Variable lease cost	529
Sublease income	(237)
Net lease cost	$ 2,574

Other information	Three Months Ended March 31, 2020 (unaudited)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 1,427
Right-of-use assets obtained in exchange for operating lease liabilities	$ 521

Maturity of Lease Liabilities

The maturity of the Company's lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized on the Company's consolidated balance sheet as of March 31, 2020 were as follows (in thousands):

	(unaudited)
For remainder of 2020	$ 3,983
2021	5,022
2022	3,291
2023	3,138
2024	2,858
Thereafter	724
Total lease payments	19,016
Less: interest	(1,380)
Present value of lease liabilities	$ 17,636
Operating lease liabilities, current	$ 4,724
Operating lease liabilities, noncurrent	12,912
Total operating lease liabilities	$ 17,636

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Future minimum payments under non-cancelable operating leases with initial terms of one year or more consisted of the following as of December 31, 2019 in accordance with ASC Topic 840 (in thousands):

Year Ending December 31,	
2020	$ 5,509
2021	4,909
2022	3,204
2023	3,026
2024	2,746
Thereafter	699
Total future minimum lease payments	$20,093

In accordance with ASC Topic 840, rent expense was $5.7 million and $7.2 million for the years ended December 31, 2018 and 2019, respectively, and $1.5 million for the three months ended March 31, 2019. Certain of the Company's lease agreements contain escalation clauses, and accordingly, the Company records the rent expense on a straight-line basis over the lease term. Deferred rent under ASC Topic ASC 840 is recorded within "Accrued expenses" in the consolidated balance sheets.

12. Redeemable Convertible Preferred Stock and Stockholders' Deficit

Redeemable Convertible Preferred Stock

The Company has eight outstanding series of redeemable convertible preferred stock (collectively the "Series Preferred"). The authorized, issued and outstanding shares, issue price, conversion price, liquidation preference, and carrying value of the Series Preferred were as follows:

	As of December 31, 2018 (in thousands, except share and per share amounts)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	29,478
Series C	4,567,121	4,567,121	11.87	11.87	54,209	68,004
Series D	7,215,568	7,215,568	13.17	13.17	95,000	111,481
Series E	3,081,896	3,081,896	16.22	16.22	50,000	52,269
Series F	6,352,790	6,057,805	17.06	17.06	103,346	105,588
Series G	9,748,777	8,140,020	17.95	17.95	146,113	146,113
	35,316,392	33,412,650			$ 466,796	$ 519,100

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As of December 31, 2019 (in thousands, except share and per share amounts)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	42,425
Series C	4,567,121	4,567,121	11.87	11.87	54,209	88,739
Series D	7,215,568	7,215,568	13.17	13.17	95,000	142,724
Series E	3,081,896	3,081,896	16.22	16.22	50,000	64,042
Series F	6,352,790	6,057,805	17.06	17.06	103,346	127,820
Series G	8,140,020	8,140,020	17.95	17.95	146,113	174,764
Series H	9,354,047	8,371,664	27.19	27.19	227,651	227,651
	43,061,682	41,784,314			$ 694,447	$ 874,332

	As of March 31, 2020 (in thousands, except share and per share amounts) (unaudited)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	42,425
Series C	4,567,121	4,567,121	11.87	11.87	54,209	88,739
Series D	7,215,568	7,215,568	13.17	13.17	95,000	142,724
Series E	3,081,896	3,081,896	16.22	16.22	50,000	64,042
Series F	6,352,790	6,057,805	17.06	17.06	103,346	127,820
Series G	8,140,020	8,140,020	17.95	17.95	146,113	174,764
Series H	9,354,047	9,354,047	27.19	27.19	254,365	254,365
	43,061,682	42,766,697			$ 721,161	$ 901,046

During the years ended December 31, 2018 and 2019, the Company amended its Amended and Restated Certificate of Incorporation (the “COI”) to authorize the issuance of up to 9,748,777 shares of a new Series G Preferred Stock and up to 9,354,047 shares of a new Series H Preferred Stock, respectively. Pursuant to stock purchase agreements entered into with certain accredited investors, the Company sold and issued an aggregate of 8,140,020 shares of Series G Preferred Stock and 8,371,664 shares of Series H Preferred Stock, in exchange for gross proceeds of $146.1 million and $227.7 million during the years ended December 31, 2018 and 2019, respectively. The proceeds were used for general corporate purposes and business development. The Company incurred issuance costs of $0.2 million and $5.2 million during the years ended December 31, 2018 and 2019, respectively, in connection with the issuance of the Series G and Series H Preferred Stock.

On January 8, 2020, the Company completed an additional closing of its Series H Preferred Stock whereby it sold and issued an aggregate of 982,383 shares of Series H Preferred Stock in exchange for gross proceeds of $26.7 million. The proceeds will be used for general corporate purposes and business development.

The Company classifies its Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Series H Preferred Stock (collectively the "Senior Preferred Stock") as temporary equity within the Company's consolidated balance sheets because the instruments contain redemption rights. In accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Company adjusts the carrying values of the Senior Preferred Stock to their redemption values at the end of each reporting period if the instruments are considered probable of becoming redeemable. The carrying values of the Senior Preferred Stock are not adjusted below their initial carrying values.

The Company concluded that the Senior Preferred Stock were considered probable of becoming redeemable through November 2019 and therefore recorded accretion to their redemption values of $13.0 million and $132.8 million during the years ended December 31, 2018 and 2019, respectively and $18.0 million during the three months ended March 31, 2019. During December 2019, the Company assessed that the Senior Preferred Stock are no longer probable of becoming redeemable due to a sufficiently high likelihood of an initial public offering requiring a conversion of the Preferred Stock into common stock and as a result the Company ceased accretion of the Senior Preferred Stock to their redemption values.

The Company classifies its Series A Preferred Stock as temporary equity within the Company's consolidated balance sheets because the instrument contains liquidation features, including a liquidation preference in the event of a deemed liquidation event, that are not solely within the Company's control. The Company does not adjust the carrying value of the Series A Preferred Stock to its redemption value because it is not probable that the Series A Preferred Stock will become redeemable.

The characteristics of the Series Preferred are as follows:

Voting

The holders of each share of the Series Preferred are entitled to one vote for each share of common stock into which such preferred stock is convertible at the time of the vote, subject to certain preferred stock class votes specified in the Company's COI or as required by law. The holders of the Series Preferred and the Company's common stock currently have the right to elect the Company's Board of Directors (the "Board") as follows:

(a) two directors elected by the holders of the Series B Preferred Stock, voting as a separate class,

(b) two directors elected by the holders of the Series C Preferred Stock, voting as a separate class,

(c) one director elected by the holders of the Series D Preferred Stock, voting as a separate class,

(d) one director elected by the holders of the Series G Preferred Stock, voting as a separate class; and

(e) all remaining directors elected by the holders of the Series Preferred and common stock, voting together as a single class on an as-if-converted to common stock basis.

Dividends

The holders of each share of the Senior Preferred Stock, in preference to the holders of the Series A Preferred Stock and common stock, are entitled to receive dividends if and when declared by the Board, pari passu with the holders of each series of the Senior Preferred Stock. The holders of each share of the Series A Preferred Stock are entitled to receive dividends in preference to the holders of common stock.

As of March 31, 2020, no dividends have been declared or paid to the Company's stockholders.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Conversion

Each share of the Series Preferred is convertible into common stock, at any time, at its holder's discretion, at the conversion price then in effect. The conversion price for each of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock is initially $3.22, $4.97, $11.87, $13.17, $16.22, $17.06, $17.95 and $27.19 per share, respectively (each subject to adjustments upon the occurrence of certain dilutive events).

All outstanding shares of the Series Preferred shall be automatically converted into common stock upon the consummation of a firm-commitment underwritten initial public offering of not less than $75.0 million of gross proceeds and at a price of at least $29.67 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) (a "Qualified IPO").

All outstanding shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock shall be automatically converted into common stock upon the date and time, or the occurrence of an event, specified by vote or written consent of (i) at least a majority of the outstanding shares of Series B Preferred Stock (a "Series B Majority") and (ii) the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting as a single class, and the holders of at least sixty percent (60.0%) of the outstanding shares of Series D Preferred Stock, voting as a single class (the vote of each of the Series C and Series D Preferred Stock being referred to as the "Required Vote").

All outstanding shares of the Series H Preferred Stock shall be automatically converted into common stock upon the date and time, or the occurrence of an event, specified by vote or written consent of at least a majority of the outstanding shares of Series H Preferred Stock (a "Series H Vote").

Liquidation Preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which is defined in the COI to include a change of control, holders of the Senior Preferred Stock are entitled to receive, in preference to the holders of Series A Preferred Stock or common stock, an amount equal to the greater of (a) the respective series of Preferred Stock's original issue price, plus any declared and unpaid dividends and (b) the amount the holders would receive had they converted into common stock immediately prior to the liquidation event (such greater amount, the "Liquidation Amount"). If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay the holders of the Senior Preferred Stock the full amount to which they are entitled, then the entire funds and assets legally available for distribution shall be distributed ratably among the holders of the Senior Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the Liquidation Amount to the holders of Senior Preferred Stock, holders of Series A Preferred Stock are entitled to receive, in preference to all holders of common stock, an amount equal to the greater of (i) the original issue price of the Series A Preferred Stock, plus any declared and unpaid dividends and (ii) the amount the holders of Series A Preferred Stock would receive had they converted into common stock immediately prior to the liquidation event. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such

holders the full amount to which they are entitled, then the entire remaining assets and funds legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the liquidation preferences of the Series Preferred, any remaining assets shall be distributed ratably to the holders of common stock.

Redemption

Prior to November 2019, a Series B Majority could have required the Company to redeem all outstanding shares of the Series B Preferred Stock at any time on or after November 12, 2020. In the event of such Series B redemption request, each of the holders of Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock could have also requested redemption of all of such holder's shares of Series C, Series D, Series E, Series F and Series G Preferred Stock ("tag along rights"). In connection with the Company's issuance of Series H Preferred Stock, such Series B redemption rights and associated tag along rights of other preferred stockholders was eliminated.

If the Company does not consummate a Qualified IPO or a deemed liquidation event (as defined in the COI) on or prior December 22, 2022, a majority of the holders of Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock then outstanding, voting together as a single class on an as-converted basis (the "Series C—E Majority"), may require (at any time from and after December 22, 2022 and provided a minimum number of Series C through H preferred shares are outstanding as specified in the COI) the Company to redeem all outstanding shares of Series C through H Preferred Stock held by such Series C—E Majority. The redemption price is defined as the greater of the Liquidation Amount of the respective series of Preferred Stock and the respective fair market value of each series of Preferred Stock at the time of redemption determined in accordance with the COI. In the event of a redemption by the Series C—E Majority, each other holder of Series C through Series H Preferred Stock may require the Company to redeem, on a pari passu basis, all of such holder's shares of Series C through Series H Preferred Stock at the same redemption price.

Common Stock

On October 19, 2018 and December 5, 2019, the Company amended and restated the COI to increase the shares of common stock authorized for issuance to 46,476,600 and 56,721,927, respectively. Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

Warrants

In connection with the offering of shares of Series B Preferred Stock, the Company issued warrants to an investor in return for providing ongoing advisory services ("Series B Warrants"). The Series B Warrants allow the investor to purchase up to 80,568 shares of common stock with an exercise price of $1.44 per share. The Series B Warrants vested in equal monthly installments through October 1, 2017. The Series B Warrants expire upon the earlier of (i) November 12, 2024, (ii) the time immediately prior to the consummation of an initial public offering of the Company, and (iii) the time immediately prior to the consummation of a deemed liquidation event.

In connection with the Term Loan Facility, the Company issued a warrant (the "Series F Preferred Stock Warrant") in August 2017 which allows the lender to purchase 294,985 shares of the Company's

Series F Preferred Stock with an exercise price of $17.06 per share. The warrant expires at the earlier of (i) August 11, 2027 and (ii) the third anniversary of an initial public offering. The fair value of the warrant on the issuance date was recorded as debt issuance costs for the Term Loan Facility with a corresponding amount recorded to “Other long-term liabilities” in the consolidated balance sheets. The warrant is classified as a liability due to the contingent redemption features in the underlying preferred stock and is measured at fair value at each reporting date. As of December 31, 2018 and 2019 and March 31, 2020, the estimated fair value of the Series F Preferred Stock Warrant was $0.6 million, $1.4 million and $0.6 million, respectively.

13. Stock-based Compensation

On November 12, 2014, the Company adopted the 2014 Equity Incentive Plan (“the Plan”), which authorized the issuance of up to 1,603,731 shares of common stock to employees, directors, and consultants of the Company, in the form of restricted stock, stock appreciation rights, and stock options. On September 20, 2016 and November 21, 2019, the Plan was amended to increase the number of authorized shares of common stock available for issuance to 6,231,730 and 8,731,730, respectively. As of December 31, 2019, there were 2,564,539 shares available for future issuance under the Plan.

The amount and terms of grants under the Plan are determined by the Board. The stock options granted under the Plan generally expire within 10 years from the date of grant and generally vest over 4 years, at the rate of 25% on each first anniversary of the date of grant subject to continued service.

Stock Options

The following table summarizes stock option activity for the years ended December 31, 2018 and 2019 and three months ended March 31, 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding as of January 1, 2018	2,041,641	$ 6.93	8.57
Exercised	(6,251)	7.42	
Forfeited / cancelled	(554,886)	7.03	
Outstanding as of December 31, 2018	1,480,504	$ 6.89	7.47
Granted	1,751,225	8.62	
Exercised	(67,975)	6.83	
Forfeited / cancelled	(108,754)	7.11	
Outstanding as of December 31, 2019	3,055,000	$ 7.89	8.28
Granted (unaudited)	210,250	20.92	
Exercised (unaudited)	(1,387)	8.42	
Forfeited / cancelled (unaudited)	(164,525)	8.61	
Outstanding as of March 31, 2020 (unaudited)	3,099,338	$ 8.73	8.10
Vested and exercisable as of December 31, 2018	715,839	$ 6.85	7.47
Vested and exercisable as of December 31, 2019	1,232,705	$ 7.19	7.45
Vested and exercisable as of March 31, 2020 (unaudited)	1,415,937	$ 7.35	7.42

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company recognized $1.0 million and $2.6 million of stock-based compensation expense related to stock options during the years ended December 31, 2018 and 2019, respectively and $0.8 million and $0.6 million for the three months ended March 31, 2019 and 2020, respectively. As of December 31, 2018 and 2019 and March 31, 2020, the Company had $1.9 million, $5.2 million, and $5.4 million, respectively, of unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average period of 1.7 years, 2.6 years, and 2.8 years, respectively.

The Company estimates the fair value of stock options on the date of the grant using the Black-Scholes option pricing model. Each of the Black-Scholes inputs generally require significant judgment, including the assumptions discussed below.

- Given the absence of a publicly trading market, the Board considered various subjective factors to determine the fair value of the Company's common stock at each meeting at which awards were approved. These factors include, but are not limited to, contemporaneous third-party valuations of its common stock, the lack of marketability of common stock and the likelihood of achieving a liquidity event such as an IPO or sale of the Company.
- The expected term represents the period that the Company's stock options are expected to be outstanding and is determined based on the "simplified" method, as prescribed in SEC Staff Accounting Bulletin (SAB) No. 107.
- The risk-free interest rate is based on the interest rate payable on the U.S. Treasury securities with an equivalent expected term of the options.
- The Company determines the price volatility factor based on the historical volatilities of several publicly listed peer companies as the Company does not have trading history for its common stock.
- The expected dividend yield assumption is based on the Company's current expectations about its anticipated dividend policy.

There were no stock options granted during the year ended December 31, 2018. The grant date fair value of stock options granted during the year ended December 31, 2019 and the three months ended March 31, 2020 were estimated at the time of grant using the Black-Scholes option-pricing model and utilized the following weighted average assumptions:

	Year Ended December 31, 2019	Three Months Ended March 31, 2020 (unaudited)
Fair value of common stock (per share)	$8.42 — $10.89	$20.92
Expected term (in years)	6.1	5.9 — 6.3
Risk-free interest rate	1.5% — 2.5%	1.7%
Expected volatility	36.3% — 36.9%	36.3% — 36.6%
Dividend yield	— %	— %

The weighted average fair value of stock options granted during the year ended December 31, 2019 and the three months ended March 31, 2020 were estimated to be $3.41 per share and $7.94 per share, respectively.

The aggregate intrinsic value of options exercised during the year ended December 31, 2018 was immaterial, and the aggregate intrinsic value of options outstanding and options exercisable as of December 31, 2018 was $2.3 million and $1.1 million, respectively. The aggregate intrinsic value of

options exercised during the year ended December 31, 2019 was $0.2 million, and the aggregate intrinsic value of options outstanding and options exercisable as of December 31, 2019 was $39.9 million and $16.9 million, respectively. The aggregate intrinsic value of options exercised during the three months ended March 31, 2020 was immaterial, and the aggregate intrinsic value of options outstanding and options exercisable as of March 31, 2020 was $44.8 million and $22.4 million, respectively.

RSUs

In December 2016, the Company granted 50,000 restricted stock units (RSUs) which cliff vest on the earlier of June 6, 2020 or a liquidity event, which includes a change in control, initial public offering, or dissolution of the Company. For each of the years ended December 31, 2018 and 2019, the Company recognized $0.1 million of stock-based compensation expense related to these RSUs. As of December 31, 2019 and March 31, 2020, there were 50,000 unvested RSUs outstanding which have an immaterial amount of unrecognized stock-based compensation.

In March 2019, the Company granted 154,000 RSUs to certain key management that vest upon continuous service periods ranging from 12 to 36-months and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $8.42 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the year ended December 31, 2019 and the three months ended March 31, 2019 and 2020. As of December 31, 2019 and March 31, 2020, there were 154,000 unvested RSUs outstanding which have $1.3 million of unrecognized stock-based compensation.

In February 2020, the Company granted 108,495 RSUs to certain key management that vest upon continuous service periods ranging from 18 to 48-months and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $20.92 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the three months ended March 31, 2020. As of March 31, 2020, there were 101,139 unvested RSUs outstanding which have $2.1 million of unrecognized stock-based compensation.

In February 2020, the Company granted 183,891 RSUs to its chief executive officer that vest upon the achievement of performance-based conditions, which includes Revenue and EBITDA targets, and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $20.92 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the three months ended March 31, 2020. As of March 31, 2020, there were 183,891 unvested RSUs outstanding which have $3.8 million of unrecognized stock-based compensation.

Certain of the Company's RSU grants are subject to acceleration upon a change of control or termination within 12 months, and upon death, disability, retirement and certain "good leaver" circumstances.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RSAs

During the years ended December 31, 2014 and 2015, the Board approved the grant of 2,375,937 shares of restricted common stock awards (the "RSAs"). As of December 31, 2019 and March 31, 2020, 2,239,503 shares are fully vested and 136,434 shares remain subject to repurchase, at the Company's option, until the earlier of (i) the 10-year anniversary from original issuance, and (ii) a liquidity event such as a change in control, initial public offering, or dissolution of the Company. Certain of the RSAs also contain a market condition as portions of the repurchase right expire based on the Company achieving specific returns for the Series B preferred stockholders at the time of the liquidity event. The repurchase, if elected, would be at the estimated fair value of Company's common stock on the grant date. The repurchase right is deemed to be an in-substance service period for awards that also contain performance conditions. The liquidity events are not probable until they occur and the Company will record unrecognized compensation expense at the time of a liquidity event if such event were to occur.

Holders of the RSAs have the ability to early exercise the awards prior to vesting and the Company has the right to repurchase early exercised restricted stock without transferring any appreciation to the employee if the employee terminates employment before the end of the original vesting period.

The RSAs were issued to certain directors and employees of the Company in exchange for recourse promissory notes with the aggregate price of the underlying shares as the principal amount. The Company deemed all such recourse promissory notes to be non-substantive in nature and therefore the notes are not reflected in the Company's consolidated balance sheets. Rather, the note issuances and the share purchases are accounted for as share option grants. The Company recognizes proceeds from the repayment of the promissory notes as a liability until the repurchase features expire.

The following table summarizes the activity related to the Company's RSAs for the years ended December 31, 2018 and 2019 and the three months ended March 31, 2020:

	Shares
Unvested at January 1, 2018	222,129
Vested	(67,309)
Unvested at December 31, 2018	154,820
Vested	(18,386)
Unvested at December 31, 2019	136,434
Vested (unaudited)	—
Unvested at March 31, 2020 (unaudited)	136,434

For the year ended December 31, 2018, the Company recognized $0.1 million of stock-based compensation expense related to the RSAs. For the year ended December 31, 2019, the expense related to the RSA's was immaterial. As of December 31, 2019 and March 31, 2020, the Company has $0.2 million of unrecognized stock-based compensation expense related to the RSAs which will be recognized upon completion of a liquidity event.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Financial Instruments and Fair Value Measurements

U.S. GAAP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These estimates are subjective in nature and involve uncertainties and matters of judgment, and therefore cannot be determined with precision. U.S. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and establishes the following three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or model-derived valuations 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 and that are significant to the fair value of the assets or liabilities

Items Measured at Fair Value on a Recurring Basis

The following tables present the Company's financial assets and liabilities measured at fair value on a recurring basis:

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Financial Assets				
Cash and cash equivalents:				
Money market funds	$72,586	$ —	$ —	$72,586
Total financial assets	$72,586	$ —	$ —	$72,586
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	634	634
Total financial liabilities	$ —	$ —	$ 634	$ 634

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Financial Assets				
Cash and cash equivalents:				
Money market funds	$70,059	$ —	$ —	$ —
Total financial assets	$70,059	$ —	$ —	$ —
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	1,403	1,403
Total financial liabilities	$ —	$ —	$ 1,403	$ 1,403

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
		(in thousands) (unaudited)		
Financial Assets				
Cash and cash equivalents:				
Money market funds	$40,021	$ —	$ —	$ —
Total financial assets	$40,021	$ —	$ —	$ —
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	613	613
Total financial liabilities	$ —	$ —	$ 613	$ 613

The following table presents a reconciliation of the Series F Preferred Stock Warrant, which is measured at fair value using Level 3 inputs:

	Series F Preferred Stock Warrant
	(in thousands)
Balance as of January 1, 2018	$ 460
Change in fair value	174
Balance as of December 31, 2018	$ 634
Change in fair value	769
Balance as of December 31, 2019	$ 1,403
Change in fair value (unaudited)	(790)
Balance as of March 31, 2020 (unaudited)	$ 613

The change in fair value of the Series F Preferred Stock Warrant is recorded in “Other (income) expense, net” in the consolidated statements of operations. The Company estimates the fair value of the Series F Preferred Stock Warrant based on the Black-Scholes option-pricing model which utilizes the value of shares sold in the Company’s latest preferred stock financing and allocates the estimated equity value of the Company to each class of the Company’s outstanding securities using an option-pricing back-solve model.

Fair Value of Financial Instruments

The carrying amounts of restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. The carrying value of the Vehicle Floorplan Facility was determined to approximate fair value due to its short-term duration and variable interest rate that approximates prevailing interest rates as of each reporting period.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Term Loan Facility was repaid in full in December 2019. The fair value of the Term Loan Facility as of December 31, 2018, which was not carried at fair value on the consolidated balance sheets, was determined using Level 2 inputs. The carrying value and fair value of the Term Loan Facility as of December 31, 2018 were as follows:

	December 31, 2018 (in thousands)
Carrying value, net of unamortized debt issuance costs	$ 24,302
Fair value	$ 25,045

15. Segment Information

The Company has three reportable segments: Ecommerce, TDA, and Wholesale. No operating segments have been aggregated to form the reportable segments. The Company determined its operating segments based on how the chief operating decision maker ("CODM") reviews the Company's operating results in assessing performance and allocating resources. The CODM reviews revenue and gross profit for each of the reportable segments. Gross profit is defined as revenue less cost of sales incurred by the segment. The CODM does not evaluate operating segments using asset information as these are managed on an enterprise wide group basis. Accordingly, the Company does not report segment asset information. As of December 31, 2018 and 2019 and March 31, 2020, the Company did not have any assets located outside of the United States.

The Ecommerce reportable segment represents retail sales of used vehicles through the Company's ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales. The TDA reportable segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales. The Wholesale reportable segment represents sales of used vehicles through wholesale auctions.

Information about the Company's reportable segments are as follows (in thousands):

	Year Ended December 31, 2018			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 301,172	$ 379,743	$ 174,514	$ 855,429
Gross profit	$ 22,425	$ 35,125	$ 3,257	$ 60,807

	Year Ended December 31, 2019			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 588,114	$ 390,243	$ 213,464	$ 1,191,821
Gross profit	$ 32,127	$ 25,392	$ 340	$ 57,859

	Three Months Ended March 31, 2019 (unaudited)			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 89,855	$93,085	$ 52,119	$ 235,059
Gross profit	$ 5,754	$ 6,077	$ 181	$ 12,012

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Three Months Ended March 31, 2020 (unaudited)			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 233,172	$87,022	$ 55,578	$ 375,772
Gross profit	$ 14,267	$ 5,412	$ (1,292)	$ 18,387

The reconciliation between reportable segment gross profit to consolidated loss before provision for income taxes is as follows (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Segment gross profit	$ 60,807	$ 57,859	$ 12,012	$ 18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Interest expense	8,513	14,596	2,718	2,826
Interest Income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	$ (84,949)	$(142,810)	$(27,036)	$(41,006)

16. Income Taxes

The components of the provision for income taxes are as follows for the years ended December 31, 2018 and 2019:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Current:		
Federal	$ —	$ —
State and local	229	168
Total current tax expense	229	168
Deferred tax (benefit):		
Federal	—	—
State and local	—	—
Total deferred tax (benefit)	—	—
Provision for income taxes	$ 229	$ 168

The provision for income taxes of $0.2 million for each of the years ended December 31, 2018 and 2019 is due to the state tax ramifications of the Company's operations. The provision for income taxes for the three months ended March 31, 2019 and 2020 was immaterial.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the provision for income taxes at the statutory rate to the amount reflected in the consolidated statements of operations is as follows:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Income taxes at statutory rate	$(17,839)	$(29,990)
State income taxes, net of federal benefit	180	125
Permanent differences	229	772
Change in valuation allowance	17,756	30,051
Other	(97)	(790)
Provision for income taxes	$ 229	$ 168

Significant components of the Company's deferred tax assets and liabilities are as follows:

	As of December 31,	
	2018	2019
	(in thousands)	
Deferred income tax assets:		
Net operating loss carryforwards	$ 41,510	$ 66,879
Inventory reserves	3,899	5,911
Stock-based compensation	719	840
Accrued Expense	—	867
Depreciation	—	114
Other	98	596
Total deferred tax assets	46,226	75,207
Less: valuation allowance	(44,906)	(74,959)
Net deferred tax assets	1,320	248
Deferred tax liabilities:		
Intangible amortization	(866)	(248)
Depreciation	(454)	—
Net deferred tax liabilities	(1,320)	(248)
Net deferred income taxes	$ —	$ —

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that certain deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those specific jurisdictions prior to the dates on which such net operating losses expire. The Company maintained a full valuation allowance against its net deferred tax assets as of December 31, 2018 and December 31, 2019, respectively, because the Company has determined that is it more likely than not that these assets will not be fully realized based on a current evaluation of expected future taxable income and the Company is in a cumulative loss position.

As of December 31, 2019, the Company has net operating loss carryforwards for U.S. federal income tax purposes of $126.2 million, which expire from 2034 through 2037 and $186.6 million, which do not expire. The Company has net operating loss carryforwards for state income tax purposes of $22.3 million, which expire from 2034 through 2039.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Internal Revenue Code (IRC) Section 382 provides for a limitation of the annual use of net operating loss and tax credit carryforwards following certain ownership changes (as defined by the IRC Section 382) that limits the Company's ability to utilize these carryforwards. The Company completed a Section 382 study to determine the applicable limitation, if any. It was determined that the Company has undergone three ownership changes. There was a change in each of July 2013, November 2014 and July 2015 which substantially limit the use of the NOLs generated before the change in control. The Company has not identified any uncertain tax positions as of December 31, 2018 and 2019.

Tax Cuts and Jobs Act

On December 22, 2017, the U.S. federal income tax reform legislation known as the Tax Cuts and Jobs Act ("TCJA") was signed into law. The TCJA resulted in fundamental changes to the Internal Revenue Code of 1986, as amended. The TCJA, among other things, includes changes to U.S. federal tax rates, additional limitations on the deductibility of interest, and allows for the expensing of capital expenditures. There was no material impact to the Company's effective tax rate due to the full valuation allowance position. The Company's net deferred tax assets and liabilities were revalued at the newly enacted U.S. corporate rate and the impact of the reduced corporate rate was fully offset by a reduction in the valuation allowance.

17. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

(in thousands, except share and per share amounts)	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,270,389	4,302,981	4,289,415	4,235,728
Net loss per share attributable to common stockholders, basic and diluted	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding for the periods presented as the effect would have been anti-dilutive:

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Redeemable convertible preferred stock	33,412,650	41,784,314	33,412,650	42,766,697
Warrants	80,568	80,568	80,568	80,568
Stock options	1,480,504	3,055,000	2,860,504	3,099,338
Restricted stock awards	1,936,607	1,624,691	1,936,607	1,624,691
Restricted stock units	50,000	204,000	204,000	489,030
Total	36,960,329	46,748,573	38,494,329	48,060,324

Unaudited Pro Forma Net Loss Per Share

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders has been computed to give effect of (i) a 2-for-1 stock split of the Company's common stock and (ii) to the assumed automatic conversion of the Company's redeemable convertible preferred stock into shares of common stock using the if converted method upon the completion of a qualifying IPO as though the conversion had occurred as of the beginning of the period.

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the periods indicated:

(in thousands, except share and per share amounts)	Year Ended December 31, 2019 (unaudited)	Three Months Ended March 31, 2020 (unaudited)
Numerator:		
Net loss attributable to common stockholders	$ (275,728)	$ (41,059)
Accretion of redeemable convertible preferred stock	132,750	—
Pro forma net loss per share attributable to common stockholders	$ (142,978)	$ (41,059)
Denominator:		
Weighted-average shares used in computing net loss per share attributable to common stockholders after giving effect to a 2-for-1 stock split, basic and diluted	8,605,962	8,471,456
Pro forma adjustment to reflect a 2-for-1 stock split and the assumed conversion of redeemable convertible preferred stock	83,568,628	85,533,394
Weighted-average shares used in computing pro forma net loss per share after giving effect to a 2-for-1 stock split, basic and diluted	92,174,590	94,004,850
Pro forma net loss per share, basic and diluted	$ (1.55)	$ (0.44)

18. Related Party Transactions

Management Services Agreement

In July 2015, the Company entered into a management services agreement ("MSA") with Catterton Management Company, L.L.C. ("Catterton Management"), an affiliate of L Catterton

("Catterton"), a holder of more than 5% of the Company's outstanding capital stock, pursuant to which Catterton Management agreed to provide consulting services on certain business and financial matters. Under the MSA, the Company pays Catterton Management an annual fee of $0.3 million until the expiration of the MSA upon the earlier of (i) termination by mutual consent of the parties and (ii) such time that Catterton and/or its affiliates cease to be one of the Company's stockholders. For the years ended December 31, 2018, 2019 and 2020, payments of the annual fees were waived.

AutoNation Reconditioning Agreement

In January 2019, the Company entered into a vendor agreement ("Vendor Agreement") with AutoNation, Inc. ("AutoNation"), an affiliate of Auto Holdings, Inc., a holder of more than 5% of the Company's outstanding capital stock, pursuant to which AutoNation will provide certain reconditioning and repair services of vehicles owned by the Company. Amounts due under the Vendor Agreement for parts supplied and services performed by AutoNation become due and payable as they accrue. The Vendor Agreement may be terminated by either party (i) upon five days' written notice, in case of a material breach of the agreement or (ii) upon 30 days' written notice with or without cause. For the year ended December 31, 2019, the Company incurred $1.1 million of costs under the Vendor Agreement. For the three months ended March 31, 2019 and 2020, the Company incurred $0.0 million and $0.1 million of costs, respectively. The Vendor Agreement was terminated in February 2020.

19. Subsequent Events

The Company has evaluated subsequent events through March 12, 2020, the date that these consolidated financial statements were available to be issued and through May 12, 2020 with respect to the matters discussed in Note 2 under Liquidity and Management's Plan.

Subsequent Events (unaudited)

The Company evaluated all subsequent events through June 1, 2020, the date the consolidated financial statements as of and for each of the two years in the periods ended December 31, 2018 and 2019 were available to be reissued and the date the unaudited interim consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2019 and 2020 were available to be reissued.

In May 2020, the Company entered into an agreement with Rocket Auto LLC and certain of its affiliates (collectively, "Rocket") providing for the launch of an e-commerce platform under the "Rocket Auto" brand for the marketing and sale of vehicles directly to consumers (the "RA Agreement"). The Company will list its used vehicle inventory for sale on the Rocket Auto platform, but all sales of the Company's inventory will be conducted through the Company's platform. Rocket Auto is expected to launch publicly during the third quarter of the year ended December 31, 2020 and, during the term of the RA Agreement, Rocket will ensure that not less than a minimum percentage of all used vehicles sold or leased through the platform on a monthly basis will be Vroom inventory. The Company will pay Rocket a combination of cash and stock for vehicle sales made through the platform, including upfront equity consisting of 183,870 shares of our common stock that were issued upon execution of the RA Agreement, and the potential issuance to Rocket of up to an additional 8,641,914 shares of common stock, in each case after giving effect to a 2-for-1 stock split, over a four-year period based upon sales volume of Vroom inventory through the Rocket Auto platform.

In May 2020, the Company's MSA with Catterton Management was terminated.

Table of Contents

Table of Contents

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other expenses of issuance and distribution.

The following table sets forth all fees and expenses, other than the underwriting discount, payable solely by Vroom, Inc. in connection with the offer and sale of the securities being registered. All amounts shown are estimated except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

	Amount to be paid
SEC registration fee	$ 47,580
FINRA filing fee	55,485
Exchange listing fee	295,000
Accounting fees and expenses	2,200,000
Legal fees and expenses	2,000,000
Printing expenses	613,000
Transfer agent and registrar fees	4,500
Miscellaneous expenses	144,300
Total	**$ 5,359,865**

Item 14. Indemnification of directors and officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We expect to adopt an amended and restated certificate of incorporation, which will become effective upon the consummation of this offering, and which will provide that none of our directors shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person 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, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to 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 other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon consummation of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware as it presently exists or may hereafter be amended, subject to certain limited exceptions. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom. Expenses must be advanced to an Indemnitee under certain circumstances.

Prior the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and our executive officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our amended and restated certificate of incorporation and amended and restated bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated certificate of incorporation and amended and restated bylaws.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act Securities Act against certain liabilities.

Item 15. Recent sales of unregistered securities.

During the past three years, we issued the following securities, which do not reflect the 2-for-1 forward common stock split to be effected prior to the closing of this offering, that were not registered under the Securities Act:

Sales of Common Stock

In May 2020, we entered into an agreement with Rocket Auto LLC pursuant to which we issued 91,935 shares of our common stock.

Sales of Preferred Stock

From June 2017 to December 2017, we sold an aggregate of 6,057,805 shares of our Series F Preferred Stock to 64 accredited investors at a purchase price of $17.05763 per share for an aggregate purchase price of approximately $103.3 million.

From August 2018 to December 2018, we sold an aggregate of 8,140,020 shares of our Series G Preferred Stock to 46 accredited investors at a purchase price of $17.95097 per share for an aggregate purchase price of approximately $146.1 million.

From November 2019 to January 2020, we sold an aggregate of 9,354,047 shares of our Series H preferred stock to 46 accredited investors at a purchase price of $27.19305 per share for an aggregate purchase price of approximately $254.4 million.

Warrants

In August 2017, we issued a warrant to purchase up to an aggregate of 294,985 shares of our Series F Preferred Stock to an accredited investor at an exercise price of $17.06 per share for an aggregate exercise price of approximately $5.0 million.

Plan-Related Issuances

In the three years preceding the date of this registration statement, we granted to our employees, officers and directors options to purchase an aggregate of 2,446,475 shares of common stock at per share exercise prices ranging from $7.42 to $20.92, and 1,178,059 restricted stock units, under our 2014 Equity Incentive Plan. We issued an aggregate of 9,637 shares of common stock at per share purchase prices ranging from $7.42 to $8.42 pursuant to the exercise of options by our employees, officers and directors.

The issuances of the securities in the transactions described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act and/or Rule 506, Rule 701 or Regulation S promulgated thereunder. The securities were issued directly by us and did not involve a public offering or general solicitation. The recipients of such securities represented their intentions to acquire the securities for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof.

None of the transactions set forth in Item 15 involved any underwriters, underwriting discounts or commissions or any public offering. 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 statements.

(a) Exhibits

The exhibit index attached hereto is incorporated herein by reference.

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

(a) The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) 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.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to 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.

(d) The undersigned hereby further undertakes that:

(i) 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 upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

INDEX TO EXHIBITS

Exhibit No.	
1.1	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of Vroom, Inc., as currently in effect.
3.2	Form of Amended and Restated Certificate of Incorporation of Vroom, Inc., to be in effect upon the consummation of this offering.
3.3*	Amended and Restated Bylaws of Vroom, Inc., as currently in effect.
3.4	Form of Amended and Restated Bylaws of Vroom, Inc., to be in effect upon the consummation of this offering.
4.1	Specimen Stock Certificate evidencing the shares of common stock.
4.2*	Eighth Amended and Restated Investors' Rights Agreement, dated as of November 21, 2019, by and among Vroom, Inc. and certain holders of its capital stock.
5.1	Opinion of Latham & Watkins LLP.
10.1*†	Second Amended & Restated 2014 Equity Incentive Plan, as amended.
10.2*†	2019 Short Term Incentive Plan.
10.3†	2020 Incentive Award Plan and form of agreement.
10.4†	Non-Employee Director Compensation Policy.
10.5	Form of Indemnification Agreement.
10.6	Commercial Lease Agreement, dated August 10, 2009, as amended, by and between Texas Direct Auto and Robert P. Archer, ETAL.
10.7	Lease Agreement, dated May 21, 2011, as amended, by and between Beechnut FEC LLC and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto.
10.8	Lease Agreement, dated May 21, 2011, by and between Sohani Heritage Trust and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto.
10.9	Development Agreement, dated June 28, 2011, as amended, by and between The City of Meadows Place, Texas and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto and Vroom.
10.10*#	Inventory Financing and Security Agreement, dated March 6, 2020, by and among Ally Bank, Ally Financial Inc., Left Gate Property Holding, LLC and Vroom, Inc.
10.11#	Customer Experience Management Agreement, dated April 17, 2020, by and between Rock Connections, LLC and Vroom, Inc.
10.12#	Retail Reconditioning Services Agreement, dated May 20, 2020, by and between Manheim Remarketing, Inc d/b/a Manheim Retail Solutions and Left Gate Property Holding, LLC d/b/a Vroom.
10.13	Employment Agreement, dated June 8, 2016, by and between Vroom, Inc. and Paul J. Hennessy.
10.14	Employment Offer Letter, dated October 15, 2018, by and between Vroom, Inc. and David K. Jones.
10.15	Employment Offer Letter, dated January 6, 2019, by and between Vroom, Inc. and Mark Roszkowski.
21.1	List of Subsidiaries of Vroom, Inc.
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

* Previously filed.
† Indicates a management contract or compensatory plan or arrangement.
# Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item (601)(b)(10).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Vroom, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on this 1st day of June, 2020.

Vroom, Inc.

By: /s/ Paul J. Hennessy
Paul J. Hennessy
Chief Executive Officer

POWER OF ATTORNEY

Each of the undersigned officers and directors of Vroom, Inc. hereby constitutes and appoints Paul J. Hennessy and David K. Jones, and each of them any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this registration statement on Form S-1, and any other registration statement relating to the same offering (including any registration statement, or amendment thereto, that is to become effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and any and all amendments thereto (including post-effective amendments to the registration statement), and to file the same, with all exhibits thereto, and all 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 their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities set forth opposite their names and on the date indicated above.

Signature	Title	Date
/s/ Paul J. Hennessy Paul J. Hennessy	Chief Executive Officer (Principal Executive Officer) and Director	June 1, 2020
/s/ David K. Jones David K. Jones	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 1, 2020
* Robert J. Mylod, Jr.	Director	June 1, 2020
* Scott A. Dahnke	Director	June 1, 2020
* Michael J. Farello	Director	June 1, 2020

Table of Contents

Signature	Title	Date
/s/ Laura W. Lang Laura W. Lang	Director	June 1, 2020
/s/ Laura G. O'Shaughnessy Laura G. O'Shaughnessy	Director	June 1, 2020
* Adam Valkin	Director	June 1, 2020

*By: /s/ Paul J. Hennessy
Paul J. Hennessy
Attorney-in-fact

Exhibit 1.1

Vroom, Inc.

Common Stock, par value $[•] per share

Underwriting Agreement

[•], 2020

Goldman Sachs & Co. LLC
BofA Securities, Inc.
Allen & Company LLC
Wells Fargo Securities, LLC

As representatives (the "Representatives") of the several Underwriters
named in Schedule I hereto

c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282-2198

c/o BofA Securities, Inc.
One Bryant Park
New York, NY 10036

c/o Allen & Company LLC
711 5th Avenue
New York, New York 10022

c/o Wells Fargo Securities, LLC
500 West 33rd Street
New York, New York 10001

Ladies and Gentlemen:

Vroom, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated in this agreement (this "Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of [•] shares (the "Firm Shares") and, at the election of the Underwriters, up to [•] additional shares (the "Optional Shares") of common stock, par value $[•] per share (the "Stock"), of the Company (the Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the "Shares").

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-238482) (the "Initial Registration Statement") in respect of the Shares has been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Act"), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(c) hereof) is hereinafter called the "Pricing Prospectus"; and such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "Prospectus"; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act or Rule 163B under the Act is hereinafter called a "Testing-the-Waters Communication"; and any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "Written Testing-the-Waters Communication"; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "Issuer Free Writing Prospectus");

(b) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with any Underwriter Information (as defined in Section 9(b) of this Agreement);

(c) For the purposes of this Agreement, the "Applicable Time" is [•] [a.m.][p.m.] (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule II(b) hereto, taken together (collectively, the "Pricing Disclosure Package"), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication, each as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in the Pricing Disclosure Package, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication in reliance upon and in conformity with the Underwriter Information;

(d) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, in each case, otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of (i) the grant, vesting, exercise or settlement (including any "net" or "cashless" exercises or settlements), if any, of stock options or restricted stock units or the award, if any, of stock options, restricted stock units or other equity incentives in the ordinary course of business pursuant to the Company's equity plans that are described in the Pricing Prospectus and the Prospectus, (ii) [the repurchase of shares of capital stock pursuant to agreements providing for an option to repurchase or a right of first refusal on behalf of the Company pursuant to the Company's repurchase rights] or (iii) the issuance, if any, of stock upon conversion or exercise of Company securities (including any outstanding warrants) as described in the Pricing Prospectus and the Prospectus) or long-term debt of the Company or any

of its subsidiaries, taken as a whole, or (y) any Material Adverse Effect (as defined below); as used in this Agreement, "Material Adverse Effect" shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect in or affecting (i) the business, properties, management, consolidated financial position, consolidated stockholders' equity or consolidated results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus;

(f) The Company and its subsidiaries do not own any real property. The Company and its subsidiaries have good and marketable title to all personal property (other than with respect to Intellectual Property (as defined below), title to which is addressed exclusively in subsection (z)) owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them, to their knowledge, under valid, subsisting and enforceable leases (subject to the effects of (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting rights or remedies of creditors generally; (ii) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith, and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (iii) applicable laws and public policy with respect to rights to indemnity and contribution) with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(g) The Company has been (i) duly incorporated and is validly existing as a corporation and in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing (where such concept exists) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of this clause (ii), where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and each significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Act) of the Company (each a "significant subsidiary") has been duly incorporated or organized and is validly existing as a corporation or other business organization in good standing under the laws of its jurisdiction of incorporation, formation or organization, as applicable, to the extent the concept of "good standing" is applicable under the laws of such jurisdiction, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(h) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and Prospectus; and all of the outstanding equity interests of each subsidiary of the Company are validly issued limited liability company interests, and (except, in the case of any foreign subsidiary, for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens or encumbrances described in the Pricing Prospectus and the Prospectus;

(i) The unissued Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights, in each case other than rights which have been waived in writing;

(j) The issue and sale of the Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, in the case of clauses (A) and (C) above, for such defaults, breaches, or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained or the registration under the Act of the Shares, the approval by the Financial Industry Regulatory Authority ("FINRA") of the underwriting terms and arrangements, the approval for listing on Nasdaq (as defined below) and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(k) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(l) The statements set forth in the Pricing Prospectus and Prospectus under the caption “Description of Capital Stock”, insofar as they purport to constitute a summary of the terms of the Stock, under the caption “Material U.S. Federal Income Tax Consequences to Non-U.S. Holders”, and under the caption “Underwriting”, insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information

(m) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company, is a party or of which any property of the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company, is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and, to the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(n) The Company is not and, immediately after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be required to register as an “investment company”, as such term is defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”);

(o) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined under Rule 405 under the Act;

(p) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, are an independent registered public accounting firm as required by the Act and the rules and regulations of the Commission thereunder;

(q) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that (i) is designed to comply with the requirements of the Exchange Act applicable to the Company, (ii) has been designed by the Company’s principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management’s general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management’s general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences (it being understood that this

subsection will not require the Company to comply with Section 404 of the Sarbanes Oxley Act of 2002, as amended, as of an earlier date than it would otherwise be required to so comply under applicable law); and except as disclosed in the Pricing Prospectus, the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting;

(r) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(s) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that are designed to comply with the requirements of the Exchange Act applicable to the Company; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(t) This Agreement has been duly authorized, executed and delivered by the Company;

(u) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense (or taken any act in furtherance thereof); (ii) made, offered, promised or authorized any direct or indirect unlawful payment; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law;

(v) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance in all material respects with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the applicable anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(w) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the

European Union, Her Majesty's Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(x) Except as would not have a Material Adverse Effect, the operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable fair lending and other consumer protection statutes and regulations of the various jurisdictions in which the Company and its subsidiaries conduct business, including, but not limited to, the Equal Credit Opportunity Act of 1974, as amended, and the rules and regulations promulgated thereunder, and the prohibitions against unfair, deceptive, or abusive acts or practices (collectively, the "Consumer Protection Laws"), and no action, suit, proceeding, or investigation by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Consumer Protection Laws is pending or, to the knowledge of the Company, threatened;

(y) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the consolidated statement of operations, consolidated stockholders' equity and consolidated cash flows of the Company and its subsidiaries for the periods specified; [except as otherwise stated in the Registration Statement, the Pricing Prospectus and the Prospectus,] said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(z) Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect (i) the Company and its subsidiaries own or have the right to use all trademarks, service marks, trade names, trademark registrations, service mark registrations, domain names, copyrights, trade secrets, proprietary information and all other worldwide intellectual property

(collectively, "Intellectual Property") used in the conduct of their respective businesses; (ii) the Company's and its subsidiaries' conduct of their respective businesses does not, to the Company's knowledge, infringe, misappropriate or otherwise violate any Intellectual Property of any person; (iii) the Company and its subsidiaries have not received any written notice of any claim alleging that the Company or any of its subsidiaries is infringing, misappropriating or otherwise violating the Intellectual Property rights of any person; and (iv) to the knowledge of the Company, the Intellectual Property of the Company and its subsidiaries is not being infringed, misappropriated or otherwise violated by any person;

(aa) The Company and its subsidiaries possess all licenses, permits, certificates and other authorizations from, and have made all declarations and filings with, all federal, state or local governmental authorities, required or necessary to own or lease, as the case may be, and to operate their respective properties and to carry on their respective businesses as currently conducted by them or as described in the Registration Statement, the Pricing Prospectus and the Prospectus to be conducted by them ("Permits"), except where the failure to obtain, possess or be in compliance with such Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any license, permit, certificate, or authorization that is material to the Company and its subsidiaries taken as a whole or has any reason to believe that any license, permit, certificate, or authorization that is material to the Company and its subsidiaries taken as a whole will not be renewed in the ordinary course;

(bb) The Company and its subsidiaries' computer and information technology equipment, computers, systems, networks, hardware, software, applications and websites controlled by the Company and its subsidiaries and used in connection with their businesses (collectively, "IT Systems") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to protect their material confidential information and all other personal, personally-identifiable, sensitive or regulated data or information in their possession or under their control (collectively "Data") from unauthorized access, use, misappropriation, disclosure, modification, encryption or destruction, and to maintain the integrity, security, continuous operation, and redundancy of the IT Systems. To the Company's knowledge, there has been no security breach or unauthorized access to the IT Systems (an "Incident"), except for those that have been remedied without material cost or liability or the duty to notify any other person, and there have been no suspected Incidents under internal review or investigation. The Company and its subsidiaries are presently in material compliance with all applicable laws, and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, as well as all of the Company's and its subsidiaries' internal policies and contractual obligations relating to data privacy and the security of the IT Systems;

(cc) At the time of the initial confidential submission of a registration statement relating to the Shares with the Commission, the Company was an "emerging growth company" as defined in Section 2(a)(19) of the Act (an "Emerging Growth Company"), and continued to be an "emerging growth company" through December 31, 2019; and

(dd) There are no debt securities, convertible securities or preferred stock of, or guaranteed by, the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[•], the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [•] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Pricing Prospectus and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or

on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on [•], 2020 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(l) hereof, will be delivered at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at [•] p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its reasonable best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation (where not otherwise required) or to file a general consent to service of process in any jurisdiction (where not otherwise required) or subject itself to taxation in any such jurisdiction in which it was not otherwise subject to taxation;

(c) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement (or such later time as may be agreed upon by the Company and you) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer (whose name and address the Underwriters shall furnish to the Company) in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (1) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "Lock-Up Period"), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of Goldman Sachs & Co. LLC, provided, however, that the foregoing restrictions shall not apply to (A) the Shares to be sold hereunder, (B) the conversion and reclassification of the outstanding preferred stock or other classes of capital stock of the Company into shares of common stock in connection with the consummation of the public offering as described in the Pricing Prospectus, (C) the issuance by the Company of shares of common stock upon the exercise (including net exercise) of an option or warrant, vesting or settlement of a restricted stock unit, or the exercise, conversion or exchange of a security outstanding on the date hereof, provided that such option or security is disclosed in the Pricing Prospectus, (D) the grant of options to purchase or the issuance by the Company of common stock or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, in each case pursuant to the Company's equity plans disclosed in the Pricing Prospectus, (E) the entry into an agreement providing for the issuance by the Company of shares of common stock or any security convertible into or exercisable for shares of common stock in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement, (F) the entry into any agreement providing for the issuance of shares of common stock or any security convertible into or exercisable for shares of common stock in connection with joint ventures, commercial relationships, debt financings, charitable contributions or other strategic transactions, and the issuance of any such securities pursuant to any such agreement and (G) the filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to the Company's equity incentive plans that are described in the Pricing Prospectus or any assumed employee benefit plan contemplated by clause (E); provided, that in the case of clauses (E) and (F), the aggregate number of shares of Stock that the Company may sell or issue or agree to sell or issue pursuant to clauses (E) and (F) shall not exceed 10% of the total number of shares of common Stock issued and outstanding immediately following the completion of the initial public offering contemplated by this Agreement; and provided, further, that in the case of clauses (C), (D), (E), and (F), the Company shall (x) cause each recipient of such securities to execute and deliver to the Representatives, on or prior to the issuance of such securities, a lock-up agreement on substantially the same terms as the lock-up agreements referenced in Section 8(h) hereof for the remainder of the Lock-Up Period and (y) enter stop transfer instructions with the Company's transfer agent and registrar on such securities, which the Company agrees it will not waive or amend without the prior written consent of Goldman Sachs & Co. LLC. The Company also agrees not to accelerate the vesting of any option or warrant prior to the expiration of the Lock-Up Period;

(2) If Goldman Sachs & Co. LLC, in its sole discretion, agrees to release or waive the restrictions set forth in a lock-up letter described in Section 8(h) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex II hereto through a major news service at least two business days before the effective date of the release or waiver, if required by an applicable FINRA rule;

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided, however, that any report, communication or financial statement that is furnished or filed by the Company and publicly available on the Commission's EDGAR system shall be deemed to have been furnished and delivered to the stockholders at the same time to or filed with the Commission;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided, however, that no report, communication or financial statement need be furnished pursuant to this subsection (g) to the extent (i) they are furnished or filed by the Company and publicly available on the Commission's EDGAR system, in which case they shall be deemed to have been furnished and delivered to you at the same time furnished to or filed with the Commission or (ii) the provision of which would require public disclosure by the Company under Regulation FD;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its reasonable best efforts to list for quotation the Shares on the Nasdaq Stock Market Inc.'s National Market ("Nasdaq");

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act; and

(l) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication prepared or authorized by the Company would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Written Testing-the-Waters Communication or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the prior consent of the Representatives with entities that the Company reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Written Testing-the-Waters Communications, other than those distributed with the prior consent of the Representatives that are listed on Schedule II(c) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Testing-the-Waters Communications;

(e) Each Underwriter represents and agrees that (i) any Testing-the-Waters Communications undertaken by it were with entities that such Underwriter reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act and (ii) each Underwriter has not and will not distribute or authorize any other person to distribute any Written Testing-the-Waters Communication other than those distributed with the prior consent or authorization of the Company.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Written Testing-the-Waters Communication, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey (iv) all fees and expenses in connection with listing the Shares on Nasdaq; (v) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares; (vi) the cost of preparing stock certificates, if applicable; (vii) the cost and charges of any transfer agent or registrar; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 7; provided, however, that the amount payable by the Company for the fees and disbursements of counsel to the Underwriters described in subsections (iii) and (v) of this Section 7 shall not exceed an aggregate of $45,000. It is understood, however, that, except as provided in this Section 7, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make and the costs of hosting presentations or meetings, including meals, undertaken in connection with the marketing of the offering and sale of the Shares to prospective investors.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Underwriters, shall have furnished to you such written opinion or opinions, dated such Time of Delivery, in form and substance satisfactory to you and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Latham & Watkins LLP, counsel for the Company, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you;

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock (other than as a result of (x) the grant, vesting, exercise or settlement (including any “net” or “cashless” exercises or settlements) of stock options and restricted stock units or other equity incentives or the award of stock options, restricted stock units or other equity incentives in the ordinary course of business, in each case pursuant to the Company’s equity plans disclosed in the Registration Statement, the Pricing Prospectus and the Prospectus, (y) the repurchase of shares of capital stock granted under the Company’s equity plans disclosed in the Registration Statement, the Pricing Prospectus and the Prospectus) or (z) the issuance, if any, of capital stock upon exercise or conversion of Company securities as described in the

Registration Statement, Pricing Prospectus and Prospectus, or change in long-term debt of the Company and its subsidiaries, taken as a whole, or any change or effect, or any development involving a prospective change or effect, in or affecting (x) the business, properties, management, consolidated financial position, consolidated stockholders' equity or consolidated results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on Nasdaq; (ii) a suspension or material limitation in trading in the Company's securities on Nasdaq; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(g) The Shares to be sold at such Time of Delivery shall have been duly listed for quotation on Nasdaq;

(h) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from securityholders of the Company representing [substantially] all of the shares of capital stock of the Company, substantially to the effect set forth in Annex I hereto in form and substance satisfactory to you;

(i) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(j) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, the Company shall deliver to the Underwriters a certificate of the Chief Financial Officer of the Company in form and substance satisfactory to the Representatives; and

(k) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (e) of this Section and as to such other matters as you may reasonably request.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Testing-the-Waters Communication prepared or authorized by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any documented legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, any roadshow or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any documented legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the [•] paragraph under the caption "Underwriting", and the information contained in the [•] paragraph under the caption "Underwriting".

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any documented legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering

(after deducting any underwriting discounts and commissions but before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any documented legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that it has so arranged for the purchase of such Shares, you or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the

Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason, any Shares are not delivered by or on behalf of the Company as provided herein or the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company will reimburse the Underwriters through you for all documented out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the Representatives: in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department, in care of BofA Securities, Inc., One Bryant Park, New York, New York 10036, Attention: [•], in care of Allen & Company LLC, 711 5th Avenue, New York, New York 10022, Attention: [•], and in care of Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, Attention: Equity Syndicate Department (fax no: (212) 214-5918); and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Chief Legal Officer, or by email with receipt acknowledgement; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request; provided, however, that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the Representatives at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Control Room, at BofA Securities, Inc., One Bryant Park, New York, New York 10036, Attention: [•], at Allen & Company LLC, 711 5th Avenue, New York, New York 10022, Attention: [•], and at Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, Attention: Equity Syndicate Department (fax no: (212) 214-5918). Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. This Agreement and any transaction contemplated by this Agreement and any claim, controversy or dispute arising under or related thereto shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The parties agree that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the parties agree to submit to the jurisdiction of, and to venue in, such courts.

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. The exchange of signature pages by facsimile or electronic format (i.e., "pdf" or "tif") transmission shall constitute effective execution and delivery of this Agreement. Signatures of the parties hereto transmitted by facsimile or electronic format (i.e., "pdf" or "tif") shall be deemed to be their original signatures for all purposes.

21. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other state laws based on the Uniform Electronic Transactions Act, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

22. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

23. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and each of the Representatives plus one for each counsel counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,
VROOM, INC.

By: _____
Name:
Title:

Accepted as of the date hereof:
Goldman Sachs & Co. LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

BofA Securities, Inc.

By: _____
Name:
Title:

On behalf of each of the Underwriters

Allen & Company LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

Wells Fargo Securities, LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC		
BofA Securities, Inc.		
Allen & Company LLC		
Wells Fargo Securities, LLC		
Stifel, Nicolaus & Company, Incorporated		
William Blair & Company, L.L.C.		
Robert W. Baird & Co. Incorporated		
JMP Securities LLC		
Wedbush Securities Inc.		
Total		

SCHEDULE II

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

Electronic roadshow dated [•]

(b) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package:

The initial public offering price per share for the Shares is $ [•]

The number of Shares purchased by the Underwriters is [•].

(c) Written Testing-the-Waters Communications:

[ ]

ANNEX II

[Form of Press Release]
Vroom, Inc.
[Date]

Vroom, Inc. (the "Company") announced today that Goldman Sachs & Co. LLC, the lead book-running manager in the Company's recent public sale of shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

Exhibit 3.2

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

VROOM, INC.

The name of the corporation is Vroom, Inc. (the "Corporation"). The Corporation was originally incorporated by the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware on January 31, 2012 under the name BCM Partners III, Corp. This Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), which restates and integrates and also further amends the provisions of the certificate of incorporation of the Corporation as heretofore in effect (the "Prior Certificate of Incorporation"), was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL") and by the written consent of its stockholders in accordance with Section 228 of the DGCL. The Prior Certificate of Incorporation is hereby amended, integrated and restated to read in its entirety as follows:

FIRST: The name of the Corporation is Vroom, Inc.

SECOND: The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at that 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 may be organized under the DGCL.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 510,000,000 shares, consisting of (a) 500,000,000 shares of Common Stock, $0.001 par value per share ("Common Stock"), and (b) 10,000,000 shares of Preferred Stock, $0.001 par value per share ("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 of the holders of the Preferred Stock of any series as may be designated by the Board of Directors of the Corporation (the "Board of Directors") upon any issuance of the Preferred Stock of any series.

2. Voting. Each holder of record of Common Stock, as such, shall have one vote for each share of Common Stock which is outstanding in his, her or its name on the books of the Corporation on all matters on which stockholders are entitled to vote generally; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) 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 this Certificate of Incorporation or the DGCL. There shall be no cumulative voting.

Subject to the rights of the holders of any series of Preferred Stock pursuant to the terms of this Certificate of Incorporation, the number of authorized shares of Common 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 the then outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

3. Dividends. Dividends may be declared and paid on the Common Stock if, as and when determined by the Board of Directors, subject to any preferential dividend or other rights of any then outstanding Preferred Stock and to the requirements of applicable law.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them, subject to any preferential or other rights of any then outstanding Preferred Stock.

B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL, to determine and fix the number of shares of such series and such powers (including voting powers, full or limited, or no voting powers), and such designations, preferences and relative, participating, optional or other special rights, if any, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the fullest extent now or hereafter permitted by the DGCL. The powers, preferences and relative, participating, optional and other special rights of each such series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Without limiting the generality of the foregoing, the resolution or resolutions providing for the issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

Subject to the rights of the holders of any series of Preferred Stock pursuant to the terms of this Certificate of Incorporation or any resolution or resolutions providing for the issuance of such series of stock adopted by the Board of Directors, 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 the then outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the DGCL and this Certificate of Incorporation, and all rights conferred upon stockholders, directors or any other persons herein are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the DGCL, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the Bylaws of the Corporation. The stockholders may not adopt, amend, alter or repeal the Bylaws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by law and this Certificate of Incorporation, by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty as a director, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the DGCL is amended to permit further elimination or limitation of 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 DGCL as so amended.

To the fullest extent permitted by applicable law, the Corporation shall indemnify (and provide advancement of expenses to) directors and officers of the Corporation from and against any and all liabilities, costs, expenses or damages that they may incur on account of, related to, or in connection with, directly or indirectly, their service to the Corporation. The Corporation may indemnify (and provide advancement of expenses to) employees and agents of the Corporation (and any other persons to which the DGCL permits the Corporation to provide indemnification). Indemnification may be made through Bylaw provisions, agreements with such persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL.

Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SEVENTH.

EIGHTH: This Article EIGHTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. Except as otherwise provided in this 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. In addition to the powers and authority expressly conferred by the DGCL or by this Certificate of Incorporation or the Bylaws of the Corporation, the Board of Directors is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established from time to time solely by resolution of the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the Bylaws of the Corporation.

3. Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the next succeeding annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director shall initially serve for a term expiring at the Corporation's first annual meeting of stockholders following the date the Common Stock is first publicly traded; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

4. Removal. Subject to the rights of holders of any series of Preferred Stock then outstanding and except for such additional directors, if any, as are elected by the holders of any series of Preferred Stock as provided for or fixed pursuant to this Certificate of Incorporation, directors of the Corporation may be removed from office, with or without cause, by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote at an election of directors.

5. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly created directorship in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office for a term ending on the date of the next succeeding annual meeting of stockholders following such director's election; provided that the term of such director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

6. Preferred Stock Directors. 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 Corporation 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, 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 (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Corporation shall be reduced accordingly.

7. Stockholder Nominations and Introduction of Business, Etc. Subject to the rights of holders of any series of Preferred Stock, advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws of the Corporation.

8. Amendments to Article. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article EIGHTH.

NINTH: No action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting; provided, however, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or together with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate of designation relating to such series of Preferred Stock. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Subject to the rights of the holders of any series of Preferred Stock, special meetings of stockholders for any purpose or purposes may be called at any time only by the Board of Directors, the chairperson of the Board of Directors, or the chief executive officer or president (in the absence of a chief executive officer) of the Corporation, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of fiduciary duty owed by any current or former director, officer, other employee or agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL, this Certificate of Incorporation or the Bylaws of the Corporation, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (d) any action asserting a claim governed by the internal affairs doctrine, in each case, subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; provided that, the provisions of this Article ELEVENTH will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the rules and regulations under the Exchange Act, or any other claim for which the U.S. federal courts have exclusive jurisdiction; and provided further that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Unless the Corporation consents in writing to the selection of an alternative forum, the U.S. federal district courts shall be the exclusive forum for the resolution of any complaint asserting a cause of action against the Corporation or any director, officer, other employee or agent of the Corporation and arising under the Securities Act of 1933, as amended. To the fullest extent permitted by applicable law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article ELEVENTH. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH. If any provision or provisions of this Article ELEVENTH 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 ELEVENTH (including, without limitation, each portion of any sentence of this Article ELEVENTH 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.

***

IN WITNESS WHEREOF, this Certificate of Incorporation, which restates, integrates and amends the Prior Certificate of Incorporation of the Corporation, and which has been duly adopted in accordance with Sections 228, 242 and 245 of the DGCL, has been executed by its duly authorized officer this day of , 2020.

VROOM, INC.

By: _____

Name: Paul Hennessy
Title: President

Exhibit 3.4

AMENDED AND RESTATED

BYLAWS

OF

VROOM, INC.

(a Delaware corporation)

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

AMENDED AND RESTATED BYLAWS
OF
VROOM, INC.

ARTICLE I—CORPORATE OFFICES

1.1 REGISTERED OFFICE .

The address of the registered office of Vroom, Inc. (the "Corporation") in the State of Delaware, and the name of its registered agent at such address, shall be fixed in the Corporation's certificate of incorporation, as the same may be amended and/or restated from time to time (the "certificate of incorporation").

1.2 OTHER OFFICES .

The Corporation may have other offices at any place or places, either within or outside the State of Delaware, as the Corporation's board of directors (the "Board") may from time to time establish or as the business of the Corporation may from time to time require.

ARTICLE II—MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS .

Meetings of stockholders shall be held at such place, if any, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office.

2.2 ANNUAL MEETING .

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.4 of these bylaws may be transacted.

2.3 SPECIAL MEETING .

Subject to the rights of the holders of any series of preferred stock, a special meeting of the stockholders may be called at any time by the Board, the chairperson of the Board, or the chief executive officer or president (in the absence of a chief executive officer) of the Corporation, and may not be called by any other person or persons.

No business may be transacted at any special meeting of stockholders other than the business specified in the notice of such meeting. Nothing contained in this Section 2.3 shall be construed as limiting, fixing or otherwise affecting the time when a meeting of stockholders called by action of the Board may be held.

2.4 ADVANCE NOTICE PROCEDURES FOR BUSINESS BROUGHT BEFORE A MEETING .

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in a notice of meeting given by or at the direction of the Board or a duly authorized committee of the Board, (ii) if not specified in a notice of meeting, otherwise brought before the meeting by or at the direction of the Board, a duly authorized committee of the Board or the person presiding over the meeting, or (iii) otherwise properly brought before the meeting by a stockholder present in person who (A)(1) was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.4 in all applicable respects, or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act"), which proposal has been included in the proxy statement for the annual meeting. Unless otherwise required by law, if the stockholder is not present in person to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. The foregoing clause (iii) of this Section 2.4(a) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 2.3 of these bylaws, and subject to any rights of holders of preferred stock, stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders. For purposes of this Section 2.4, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at such meeting of stockholders. Stockholders seeking to nominate persons for election to the Board must comply with Section 2.5 of these bylaws, and this Section 2.4 shall not be applicable to nominations for election to the Board except as expressly provided in Section 2.5 of these bylaws.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (i) provide Timely Notice (as defined below) thereof in writing and in proper form to the secretary of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder's notice must be delivered to, or mailed and received by the secretary of the Corporation at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, shall be deemed to be June 4, 2021); *provided*, *however*, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, to be timely, notice by the stockholder must be so delivered, or mailed and received by the secretary of the Corporation not later than the close of business on the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4(h) of these bylaws) of the date of such annual meeting was first made by the Corporation (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of Timely Notice as described above.

(c) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the secretary of the Corporation shall set forth:

(i) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); (B) the number of shares of each class or series of stock of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future; and (C) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to be present in person at the meeting to propose such business (the disclosures to be made pursuant to the foregoing clauses (A)–(C) are referred to as "Stockholder Information");

(ii) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of stock of the Corporation; *provided* that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security"

as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided*, *further*, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C)(x) if such Proposing Person is (i) a general or limited partnership, syndicate or other group, the identity of each general partner and each person who functions as a general partner of the general or limited partnership, each member of the syndicate or group and each person controlling the general partner or member, (ii) a corporation or a limited liability company, the identity of each officer and each person who functions as an officer of the corporation or limited liability company, each person controlling the corporation or limited liability company and each officer, director, general partner and person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust (each such person or persons set forth in the preceding clauses (i), (ii) and (iii), a "Responsible Person"), any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person and any material interests or relationships of such Responsible Person that are not shared generally by other record holders or beneficial owners of the shares of any class or series of stock of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, and (y) if such Proposing Person is a natural person, any material interests or relationships of such natural person that are not shared generally by other record holders or beneficial owners of the shares of any class or series of stock of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, (D) any material shares or any Synthetic Equity Position in any principal competitor of the Corporation in any principal industry of the Corporation held by such Proposing Persons, (E) a summary of any material discussions regarding the business proposed to be brought before the meeting (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other

record holders or beneficial owners of the shares of any class or series of stock of the Corporation (including their names), (F) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (G) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (H) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (I) a representation whether such Proposing Person intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or otherwise solicit proxies from stockholders in support of such proposal, and (J) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (J) are referred to as "Disclosable Interests"); *provided*, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner; and

(iii) As to each item of business that a Proposing Person proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) 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 the bylaws of the Corporation, the language of the proposed amendment), (C) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; *provided*, however, that the disclosures required by this paragraph (c)(iii) shall not

include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner.

(d) For purposes of this Section 2.4, the term "Proposing Person" shall mean (i) the stockholder of record providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (iii) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation.

(e) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other section of these bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(f) Notwithstanding anything in these bylaws to the contrary and except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The person presiding over the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(g) This Section 2.4 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders, other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. The foregoing notice requirements of this Section 2.4 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(h) For purposes of these bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

2.5 ADVANCE NOTICE PROCEDURES FOR NOMINATIONS OF DIRECTORS.

(a) Nominations of any person for election to the Board at an annual meeting or, if the election of directors is a matter specified in any notice of special meeting given by or at the direction of the person calling such meeting pursuant to Section 2.3 of these bylaws, at a special meeting, may be made at such meeting only (i) by or at the direction of the Board, including by any committee of the Board or persons duly authorized to do so by the Board or these bylaws, or (ii) by a stockholder present in person who (A) was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) has complied with this Section 2.5 as to such notice and nomination. Unless otherwise required by law, if the stockholder is not present in person to present a nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. The foregoing clause (ii) of this Section 2.5(a) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board at any meeting of stockholders. For purposes of this Section 2.5, "present in person" shall mean that the stockholder proposing that the business be brought before the meeting of the Corporation, or a qualified representative of such proposing stockholder, appear at such meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at such meeting of stockholders.

(b) (i) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting, the stockholder must (A) provide Timely Notice (as defined in Section 2.4(b) of these bylaws) thereof in writing and in proper form to the secretary of the Corporation, (B) provide the information, agreements and questionnaires with respect to such stockholder and its proposed nominee as required by this Section 2.5, and (C) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5.

(ii) Without qualification, if the election of directors is a matter specified in the notice of special meeting given by or at the direction of the person calling such special meeting pursuant to Section 2.3 of these bylaws, then for a stockholder to make any nomination of a person or persons for election to the Board as specified in the notice of the special meeting, the stockholder must (A) provide timely notice thereof in writing and in proper form to the secretary of the Corporation, (B) provide the information, agreements and questionnaires with respect to such stockholder and its proposed nominee as required by this Section 2.5, and (C) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received by the secretary of the Corporation at, the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4(h) of these bylaws) of the date of such special meeting was first made.

(iii) In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(iv) In no event may a Nominating Person (as defined below) provide notice with respect to a greater number of director candidates than are subject to election by stockholders at the applicable meeting. If the Corporation shall, subsequent to any notice given by a Nominating Person pursuant to the foregoing paragraphs (i) or (ii) of this Section 2.5(b), increase the number of directors subject to election at the applicable meeting, such notice as to any additional nominees shall be due on the later of (x) the conclusion of the time period for providing Timely Notice (if such notice is being given pursuant to paragraph (i) of this Section 2.5(b)) or the conclusion of the time period specified in paragraph (ii) of this Section 2.5(b) (if such notice is being given pursuant to such paragraph) and (y) the tenth (10th) day following the date of public disclosure (as defined in Section 2.4(h) of these bylaws) of such increase.

(c) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the secretary of the Corporation shall set forth:

(i) As to each Nominating Person, the Stockholder Information (as defined in Section 2.4(c)(i) of these bylaws) except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(i);

(ii) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(c)(ii) of these bylaws), except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(ii), and the disclosures with respect to the business to be brought before the meeting in Section 2.4(c)(iii) shall be made with respect to the nomination of each person for election as a director at the meeting;

(iii) As to each person whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to this Section 2.5 if such proposed nominee were a Nominating Person, (B) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act, (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each proposed nominee or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant, and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.5(f), and (E) a written consent of such person to being named in the Corporation's proxy statement as a nominee of the Nominating Person and to serving as a director if elected; and

(iv) The Corporation may require any proposed nominee to furnish such other information (A) as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with the Corporation's Corporate Governance Guidelines or (B) that could be material to a reasonable stockholder's understanding of the independence or lack of independence of such proposed nominee.

(d) For purposes of this Section 2.5, the term "Nominating Person" shall mean (i) the stockholder of record providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, and (iii) any other participant in such solicitation.

(e) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other section of these bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any nomination or to submit any new nomination.

(f) To be eligible to be a nominee for election as a director of the Corporation at an annual or special meeting, a candidate must be nominated in the manner prescribed in this Section 2.5 and must deliver (in accordance with the time period prescribed for delivery in a notice to such proposed nominee given by or on behalf of the Board), to the secretary of the Corporation at the principal executive offices of the Corporation, (i) a completed written questionnaire (in the form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such proposed nominee, and (ii) a written representation and agreement (in the form provided by the Corporation) that such proposed nominee (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director of the Corporation that has not been disclosed to the Corporation, and (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any proposed nominee, the secretary of the Corporation shall provide to such proposed nominee all such policies and guidelines then in effect).

(g) The Board may also require any proposed candidate for nomination as a Director to furnish such other information as may reasonably be requested by the Board in writing prior to the meeting of stockholders at which such candidate's nomination is to be acted upon in order for the Board to determine the eligibility of such candidate for nomination to be an independent director of the Corporation in accordance with the Corporation's Corporate Governance Guidelines.

(h) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(i) No proposed nominee shall be eligible for nomination as a director of the Corporation unless such proposed nominee and the Nominating Person seeking to place such proposed nominee's name in nomination have complied with this Section 2.5, as applicable. The person presiding over the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.5, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the proposed nominee in question (but in the case of any form of ballot listing other qualified nominees, only the ballots case for the nominee in question) shall be void and of no force or effect.

(j) Notwithstanding anything in these bylaws to the contrary, no candidate for nomination at an annual or special meeting shall be eligible to be seated as a director of the Corporation unless nominated and elected in accordance with this Section 2.5

2.6 NOTICE OF STOCKHOLDERS' MEETINGS.

Unless otherwise provided by law, the certificate of incorporation or these bylaws, the notice of any meeting of stockholders shall be given in accordance with either Section 2.7 or Section 8.1 of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. The notice shall specify the place, if any, date and hour of the meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.7 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be deemed given:

(a) if mailed, when deposited in the U.S. mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Corporation's records;

(b) if delivered by courier service, the earlier of when the notice is received or left at the stockholder's address as it appears on the Corporation's records; or

(c) if electronically transmitted, as provided in Section 8.1 of these bylaws.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under the provisions of the DGCL, the certificate of incorporation or these 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. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

2.8 QUORUM.

Unless otherwise provided by law, the certificate of incorporation or these bylaws, the holders of a majority in voting power of the capital stock of the Corporation issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by class or series is required on a matter, the holders of a majority in voting power of such class or series issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (a) the person presiding over the meeting or (b) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote communication, if applicable, or represented by proxy, shall have the power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these bylaws until a quorum is present or represented.

2.9 ADJOURNMENTS, POSTPONEMENTS AND CANCELLATION OF MEETING.

Any meeting of stockholders, annual or special, may be adjourned or postponed from time to time by the person presiding over such meeting or by the Board, without the need for approval thereof by stockholders to reconvene or convene, respectively, at the same or some other place. When a meeting is adjourned or postponed, notice need not be given of the adjourned or postponed meeting if the time and

place, if any, thereof, 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 such adjourned or postponed meeting are announced at the meeting at which the adjournment is taken or, with respect to a postponed meeting, are publicly announced. At any adjourned or postponed meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment or postponement is for more than thirty (30) days, a notice of the adjourned or postponed meeting shall be given to each stockholder of record entitled to vote at the meeting. If, after the adjournment or postponement, a new record date for determination of stockholders entitled to vote is fixed for the adjourned or postponed meeting, the Board shall fix a new record date for notice of such adjourned or postponed meeting, and shall give notice of the adjourned or postponed meeting to each stockholder of record entitled to vote at such adjourned or postponed meeting as of the record date so fixed for notice of such adjourned or postponed meeting. Any previously scheduled annual or special meeting of the stockholders may be canceled by resolution of the Board.

2.10 CONDUCT OF BUSINESS.

Meetings of stockholders shall be presided over by the chairperson of the Board, if any, or in his or her absence by the vice chairperson of the Board, if any, or in the absence of the foregoing persons by the chief executive officer, or in the absence of the foregoing persons by the president, or in the absence of the foregoing persons by a vice president, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The secretary of the Corporation shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the Board or the person presiding over the meeting and announced at the meeting by the person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders 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 (which need not be in writing) and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the person presiding over the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present (including, without limitation, rules and procedures for the removal of disruptive persons from the meeting); (c) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The person presiding over any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting (including, without limitation, determinations with respect to the administration and/or interpretation of any

of the rules, regulations or procedures of the meeting, whether adopted by the Board or prescribed by the person presiding over the meeting), shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and, if such presiding person should so determine, such presiding person shall so declare to the meeting, and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.13 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder. Voting at meetings of stockholders need not be by written ballot.

At any duly called or convened meeting of stockholders at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. All other elections and questions presented to the stockholders at a duly called or convened meeting at which a quorum is present shall, unless a different or minimum vote is required by the certificate of incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or any law or regulation applicable to the Corporation or its securities (in which case such different or minimum vote shall be the applicable vote on the matter), be decided by the affirmative vote of the holders of a majority of the votes cast (excluding abstentions and broker non-votes) on such matter by the holders entitled to vote thereon.

2.12 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders; *provided, however*, that any action required or permitted to be taken by the holders of preferred stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate of designation relating to such series of Preferred Stock.

2.13 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board 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, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board 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 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, 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 may fix a new record date for determination of stockholders entitled to vote at 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.

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 capital stock, or for the purpose of any other lawful action, the Board may fix a record date, which shall not be more than sixty (60) days prior to such action. If no such 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 adopts the resolution relating thereto.

Unless otherwise restricted by the certificate of incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board 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, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board, (i) when no prior action of the Board is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board is required by law, the record date for such purpose shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

2.14 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law to be filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states on its face that it is irrevocable and if, and only for so long as, it is coupled with an interest sufficient in law to support an irrevocable power and shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of a telegram, cablegram or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other means of electronic transmission was authorized by the stockholder.

2.15 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided, however*, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the date of 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. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior 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 Corporation's principal executive office. 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. If the meeting is to be held at a 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. Except as otherwise provided by law, the stock ledger shall be the only evidence as to the identity of the stockholders entitled to vote in person or by proxy and the number of shares held by each of them, and as to the stockholders entitled to examine the list of stockholders required by this Section 2.15.

2.16 INSPECTORS OF ELECTION.

Before any meeting of stockholders, the Corporation may, and shall if required by law, appoint an inspector or inspectors of election to act at the meeting or its adjournment or postponement and make a written report thereof. The number of inspectors shall be either one (1) or three (3). The Corporation may also designate one or more persons to act as alternate inspectors to replace any inspector who fails or refuses to act. If any person appointed as inspector and such person's designated alternate, if any, fails to appear or fails or refuses to act, then the person presiding over the meeting shall appoint a person to fill that vacancy. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Such inspectors shall have the duties prescribed by law. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspector(s) of election is prima facie evidence of the facts stated therein. The inspector(s) of election may appoint such persons to assist them in performing their duties as they determine.

ARTICLE III—DIRECTORS

3.1 POWERS.

Except as provided in the DGCL or the certificate of incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

The authorized number of directors constituting the Board shall be determined from time to time solely by resolution of the Board, *provided* the Board shall consist of at least one (1) member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Except as provided in Section 3.4 of these bylaws, each director, including, without limitation, a director elected to fill a vacancy or newly created directorship, shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The Corporation may also have, at the discretion of the Board, a chairperson of the Board and a vice chairperson of the Board. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon notice given in writing or by electronic transmission to the chairperson of the Board or the Corporation's chief executive officer, president or secretary. The resignation shall take effect at the time specified therein or upon the happening of an event specified therein, and if no time or event is specified, at the time of its receipt. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. When one or more directors so resigns and the resignation is effective at a future date or upon the happening of an event to occur on 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 as provided in this section in the filling of other vacancies.

Unless otherwise provided in the certificate of incorporation or these bylaws, and subject to the rights of the holders of any series of preferred stock, any vacancy on the Board, or any newly created directorship resulting from an increase in the authorized number of directors, shall, in each case, be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director appointed in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders and until such director's successor shall have been elected and qualified. A vacancy on the Board shall be deemed to exist in the case of the death, removal or resignation of any director.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any 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 such participation in a meeting pursuant to this bylaw shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board; *provided* that any director who is absent when such determination is made shall be given notice of the determination. A regular meeting of the Board may be held without notice immediately after and at the same place as the annual meeting of stockholders.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be held at any time and place as determined by the chairperson of the Board, the chief executive officer, the president or a majority of the directors then in office.

Notice of the time and place of special meetings shall be:

(a) delivered personally by hand, by courier or by telephone;

(b) sent by United States first-class mail, postage prepaid;

(c) sent by facsimile; or

(d) sent by electronic mail, electronic transmission or other similar means,

in each case, directed to each director at that director's address, telephone number, facsimile number or electronic mail or other electronic address, as the case may be, as shown on the Corporation's records.

If the notice is (a) delivered personally by hand, by courier or by telephone, (b) sent by facsimile or (c) sent by electronic mail, electronic transmission or other similar means, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

3.8 QUORUM.

At all meetings of the Board, a majority of the number of directors fixed by the Board pursuant to Section 3.2 of these bylaws shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws. If a quorum is not present at any meeting of the Board, then a majority of the directors present thereat may adjourn the meeting from time to time, without further notice other than announcement at the meeting, until a quorum is present.

3.9 BOARD ACTION BY CONSENT WITHOUT A 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, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission. After the action is taken, the writing or writings or electronic transmission or transmissions shall be filed with the minutes of proceedings of the Board or 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.

3.10 FEES AND COMPENSATION OF DIRECTORS.

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

3.11 REMOVAL OF DIRECTORS.

Subject to the rights of the holders of the shares of any series of preferred stock of the Corporation then outstanding, the entire Board or any individual director may be removed from office, with or without cause, by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote at an election of directors.

ARTICLE IV—COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board 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 that may require it; but no such committee shall have the power or authority to (a) approve or adopt, or recommend 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 (b) adopt, amend or repeal any bylaw of the Corporation. Notwithstanding anything to the contrary contained in this Article IV, the resolution of the Board establishing any committee of the Board and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these bylaws and, to the extent that there is any inconsistency between these bylaws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(a) Section 3.5 of these bylaws (place of meetings and meetings by telephone);

(b) Section 3.6 of these bylaws (regular meetings);

(c) Section 3.7 of these bylaws (special meetings and notice);

(d) Section 3.8 of these bylaws (quorum);

(e) Section 3.9 of these bylaws (action without a meeting); and

(f) Section 7.12 of these bylaws (waiver of notice),

in each case, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may be called by resolution of the committee or resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee.

ARTICLE V—OFFICERS

5.1 OFFICERS.

The officers of the Corporation shall include a chief executive officer and a secretary. The Corporation may also have, at the discretion of the Board, a chairperson of the Board (who must be a director), a vice chairperson of the Board (who must be a director), a president, a chief financial officer, a treasurer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS; SUBORDINATE OFFICERS.

The Board shall appoint the officers of the Corporation. The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers shall hold office for such period, as is provided in these bylaws or as the Board may from time to time determine.

5.3 REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving notice in writing or by electronic transmission to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.4 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2 of these bylaws.

5.5 REPRESENTATION OF SHARES OF OTHER ENTITIES.

The chairperson of the Board, the chief executive officer, the president, the treasurer, the secretary or assistant secretary of the Corporation, or any other person authorized by the Board or the chief executive officer or the president, is authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all securities of any other entity or entities standing in the name of the Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.6 AUTHORITY AND DUTIES OF OFFICERS .

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE VI—RECORDS AND REPORTS

6.1 MAINTENANCE OF RECORDS .

A stock ledger consisting of one or more records in which the names of all of the Corporation's stockholders of record, the address and number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of the Corporation are recorded in accordance with Section 224 of the DGCL shall be administered by or on behalf of the Corporation. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases), *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of stockholders specified in Sections 219 and 220 of the DGCL, (ii) record the information specified in Sections 156, 159, 217(a) and 218 of the DGCL, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code.

ARTICLE VII—GENERAL MATTERS

7.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS .

The Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board 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.

7.2 STOCK CERTIFICATES; PARTLY PAID SHARES .

Except as otherwise provided in a resolution approved by the Board, all shares of capital stock of the Corporation issued after the date of the adoption of these bylaws shall be uncertificated shares. Notwithstanding the foregoing, shares of capital stock of the Corporation represented by a certificate issued prior to the date of the adoption of these bylaws, shall be certificated shares until such certificate is surrendered to the Corporation. The Corporation shall not have power to issue a certificate in bearer form.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.3 MULTIPLE CLASSES OR SERIES OF STOCK ..

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the 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/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; ***provided, however***, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences and the 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/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to the DGCL or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, 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/or rights.

7.4 LOST CERTIFICATES .

Except as provided in this Section 7.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation in accordance with applicable law. The Board may direct a new certificate of stock or uncertificated shares be issued in the place of any certificate 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 issuance of a new certificate of stock or uncertificated shares, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board shall require and/or 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 on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.5 CONSTRUCTION; DEFINITIONS .

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” means any individual, general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity.

7.6 DIVIDENDS .

The Board, subject to any restrictions contained in either (a) the DGCL or (b) the certificate of incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation’s capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 FISCAL YEAR .

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL .

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK .

Shares of the Corporation shall be transferable in the manner prescribed by applicable law and in these bylaws. Shares of stock of the Corporation shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person’s attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes;

or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the secretary or assistant secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the persons from and to whom it was transferred.

7.10 STOCK TRANSFER AGREEMENTS .

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes or series owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS .

The Corporation, to the fullest extent permitted by law:

(a) 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

(b) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

7.12 WAIVER OF NOTICE .

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders or the Board need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII—NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION .

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission in compliance with applicable law. Notwithstanding the foregoing, a notice may not be delivered by electronic transmission from and after the time that:

(a) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation; and

(b) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; ***provided***, however, that the inadvertent failure to treat such inability shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(a) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(b) if by electronic mail, when directed to an electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receive notice by electronic mail;

(c) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and

(d) if by any other form of electronic transmission consented to by the stockholder, when directed to the stockholder.

Notice by a form of electronic transmission shall not apply to matters governed by Sections 164, 296, 311, 312 or 324 of the DGCL.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION .

For the purposes of these bylaws, an “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX—INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

9.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "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 or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a person in connection with a Proceeding (or part thereof) commenced by such person only if the commencement of such Proceeding (or part thereof) by such person was authorized in the specific case by the Board.

9.2 INDEMNIFICATION OF OTHERS.

The Corporation may, to the extent authorized by the Board, indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any 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 an employee or other 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 or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person in connection with any such Proceeding.

9.3 ADVANCEMENT OF EXPENSES.

The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any officer or director of the Corporation, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; ***provided***, ***however***, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the person to repay all amounts advanced if it should be ultimately determined that such person is not entitled to be indemnified under this Article IX or otherwise.

9.4 DETERMINATION; CLAIM.

If a claim for indemnification (following the final disposition of such Proceeding) under this Article IX is not paid in full within sixty (60) days, or a claim for advancement of expenses under this Article IX is not paid in full within thirty (30) days, after a written claim therefor has been received by the Corporation, the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action, the Corporation shall have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses under applicable law.

9.5 NON-EXCLUSIVITY OF RIGHTS.

The rights conferred on any person by this Article IX shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

9.6 INSURANCE.

The Corporation may purchase and maintain insurance on behalf of any person who 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 or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against any loss, liability or expense incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such loss, liability or expense under the provisions of the DGCL.

9.7 OTHER SOURCES.

The Corporation’s obligation, if any, to indemnify or advance expenses to a person pursuant to this Article IX shall be reduced by any amount such person may collect from the proceeds of insurance or, to the extent such person was or is serving at the Corporation’s request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity, as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit entity. In the event the Corporation makes any indemnification or advancement payments to any person in connection with a Proceeding, and such person is subsequently reimbursed from the proceeds of insurance or indemnification or advancement payments received from any other source in connection with such Proceeding, such person shall promptly refund such indemnification or advancement payments to the Corporation to the extent of such reimbursement.

9.8 CONTINUATION OF INDEMNIFICATION.

The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

9.9 AMENDMENT OR REPEAL; INTERPRETATION.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these bylaws), in consideration of such person's performance of such services and, pursuant to this Article IX, the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of theses bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the chairperson of the Board, a vice chairperson of the Board, the president, the secretary, a chief executive officer, a chief financial officer, a treasurer appointed pursuant to Article V of these bylaws, and to any vice president, assistant secretary, assistant treasurer, or other officer of the Corporation appointed by (x) the Board pursuant to Article V of these Bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, other enterprise, non-profit entity or employee benefit plan shall be deemed to refer exclusively to an officer appointed by the board of directors (or equivalent governing body) of such other entity pursuant to the certificate of incorporation and bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, other enterprise, non-profit entity or employee benefit plan. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture,

trust, other enterprise, non-profit entity or employee benefit plan has been given or has used the title of “vice president” or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, other enterprise, non-profit entity or employee benefit plan shall not result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, other enterprise, non-profit entity or employee benefit plan for purposes of this Article IX.

9.10 OTHER INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

This Article IX shall not limit the right of the Corporation, to the fullest extent and in the manner permitted by law, to indemnify and to advance expenses to other persons serving the Corporation when and as authorized by appropriate corporate action.

ARTICLE X— AMENDMENTS .

Subject to the limitations set forth in the provisions of the certificate of incorporation, the Board is expressly empowered to adopt, amend, alter or repeal the bylaws of the Corporation. The stockholders may not adopt, amend, alter or repeal the bylaws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by law and the certificate of incorporation, by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon.

NUMBER

SHARES

vroom

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

CUSIP 000000 00 0

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK, $0.001 PAR VALUE, OF

VROOM, INC.

transferable on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the said Corporation has caused this certificate to be signed by facsimile signatures of its duly authorized officers.

Dated:

SECRETARY

CHIEF EXECUTIVE OFFICER

COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY
(Brooklyn, New York)

BY

AUTHORIZED SIGNATURE

TRANSFER AGENT AND REGISTRAR

THE BOARD OF DIRECTORS OF THIS CORPORATION HAS THE AUTHORITY TO CREATE AND DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF CLASSES OR SERIES OF SHARES OF CAPITAL STOCK OTHER THAN COMMON STOCK. THIS CORPORATION WILL FURNISH TO ANY SHAREHOLDER UPON WRITTEN REQUEST SENT TO ITS PRINCIPAL EXECUTIVE OFFICES, AND WITHOUT CHARGE, A FULL STATEMENT OF THE BOARD OF DIRECTORS' AUTHORITY TO CREATE AND DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF CLASSES OR SERIES OF SHARES OF CAPITAL STOCK AS WELL AS THE DESIGNATIONS, PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF THE SHARES OF EACH CLASS OR SERIES THEN OUTSTANDING OR AUTHORIZED TO BE ISSUED.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

TEN ENT – as tenants by entireties

JT TEN – as joint tenants with right of survivorship and not as tenants in common

UTMA – _____ Custodian _____
(Cust) (Minor)
under Uniform Transfers to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list.

For value received ____ hereby sell, assign, and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

_____

_____

_____ *Shares of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint* _____ _____ *Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.*

Dated _____

X _____

X _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE GUARANTEED

ALL GUARANTEES MUST BE MADE BY A FINANCIAL INSTITUTION (SUCH AS A BANK OR BROKER) WHICH IS A PARTICIPANT IN THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM ("STAMP"), THE NEW YORK STOCK EXCHANGE, INC. MEDALLION SIGNATURE PROGRAM ("MSP"), OR THE STOCK EXCHANGES MEDALLION PROGRAM ("SEMP") AND MUST NOT BE DATED. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE.

Exhibit 5.1

53rd at Third
885 Third Avenue
New York, New York 10022-4834
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www.lw.com

LATHAM & WATKINS LLP

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June 1, 2020

VIA EDGAR AND OVERNIGHT DELIVERY

United States Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549-6010

Vroom, Inc.
1375 Broadway, Floor 11
New York, New York 10018

Re: Registration Statement No. 333-238482; 21,562,500 of shares of common stock, par value $0.001 per share

Ladies and Gentlemen:

We have acted as special counsel to Vroom, Inc., a Delaware corporation (the "***Company***"), in connection with the proposed issuance of up to 21,562,500 shares of common stock, $0.001 par value per share (the "***Shares***"). The Shares are included in a registration statement on Form S–1 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on May 18, 2020 (Registration No. 333–238482) (as amended, the "***Registration Statement***"). The term "Shares" shall include any additional shares of common stock registered by the Company pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to General Corporation Law of the State of Delaware, and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor (not less than par value) in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the

LATHAM & WATKINS LLP

Registration Statement, the issue and sale of the Shares will have been duly authorized by all necessary corporate action of the Company, and the Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the General Corporation Law of the State of Delaware.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading "Legal Matters." We further consent to the incorporation by reference of this letter and consent into any registration statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

VROOM, INC.
2020 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

The purpose of the Vroom, Inc. 2020 Incentive Award Plan (as it may be amended or restated from time to time, the "Plan") is to promote the success and enhance the value of Vroom, Inc. (the "Company") by linking the individual interests of Directors, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Directors, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

2.2 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 "Applicable Law" shall mean any applicable law, including, without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.5 "Award Agreement" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.6 “Board” shall mean the Board of Directors of the Company.

2.7 “Change in Control” shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries; or (iii) any acquisition which complies with Sections 2.7(c)(i), 2.7(c)(ii) or 2.7(c)(iii); or

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.7(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity if such voting power was held by that person or group in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such transaction; or

(d) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.8 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board which may be comprised of one or more Directors and/or executive officers of the Company as appointed by the Board, to the extent permitted in accordance with Applicable Law.

2.10 "Common Stock" shall mean the common stock of the Company.

2.11 "Company" shall have the meaning set forth in Article 1.

2.12 "Consultant" shall mean any consultant or adviser engaged to provide services to the Company or any parent of the Company or Subsidiary who qualifies as a consultant or advisor under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.13 "Director" shall mean a member of the Board, as constituted from time to time.

2.14 "Director Limit" shall have the meaning set forth in Section 4.6.

2.15 "Disability" shall mean that the Holder is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. For purposes of the Plan, a Holder shall be deemed to have incurred a Disability if the Holder is determined to be totally disabled by the Social Security Administration or in accordance with the applicable disability insurance program of the Company's, provided that the definition of "disability" applied under such disability insurance program complies with the requirements of this definition.

2.16 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2.

2.17 "DRO" shall mean a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 "Effective Date" shall mean the day prior to the Public Trading Date.

2.19 "Eligible Individual" shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.20 "Employee" shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any parent of the Company or Subsidiary.

2.21 "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.22 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 "Expiration Date" shall have the meaning given to such term in Section 12.1(c).

2.24 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market and the Nasdaq Global Select Market), (ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in its discretion.

Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company's initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.25 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.26 "Holder" shall mean a person who has been granted an Award.

2.27 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.28 "Incumbent Directors" shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.7(a) or 2.7(c)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

2.29 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.30 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.6.

2.31 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.32 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 5. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.33 "Option Term" shall have the meaning set forth in Section 5.4.

2.34 "Organizational Documents" shall mean, collectively, (a) the Company's certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee's charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.35 "Other Stock or Cash Based Award" shall mean a cash payment, cash bonus award, stock payment, stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 9.1, which may include, without limitation, deferred stock, deferred stock units, performance awards, retainers, committee fees, and meeting-based fees.

2.36 "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.37 "Performance Criteria" shall mean the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period. The Performance Criteria that may be used to establish Performance Goals include, but are not limited to, the following (any of which may be assessed on a per unit basis, as necessary): (i) net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per share; (xvii) adjusted earnings or loss per share; (xviii) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance; (xx) implementation or completion of critical projects; (xxi) market share; (xxii) economic value; (xxiii) unit volume; and (xxiv) individual employee performance, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or other employees or to market performance indicators or indices.

2.38 "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division, business unit, or an individual. The achievement of each Performance Goal shall be determined with reference to Applicable Accounting Standards or other methodology as determined appropriate by the Administrator.

2.39 “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder’s right to, vesting of, and/or the payment in respect of, an Award.

2.40 “Plan” shall have the meaning set forth in Article 1.

2.41 “Prior Plans” shall mean, collectively, the following plans of the Company: the Second Amended & Restated 2014 Equity Incentive Plan, and any other prior equity incentive plans of the Company or its predecessor, in each case, as such plan may be amended from time to time.

2.42 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.43 “Public Trading Date” shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.44 “Restricted Stock” shall mean Common Stock awarded under Article 7 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.45 “Restricted Stock Units” shall mean the right to receive Shares awarded under Article 8.

2.46 “SAR Term” shall have the meaning set forth in Section 5.4.

2.47 “Section 409A” shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.48 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.49 “Shares” shall mean shares of Common Stock.

2.50 “Stock Appreciation Right” shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying (i) the difference obtained by subtracting (x) the exercise price per share of such Award from (y) the Fair Market Value on the date of exercise of such Award by (ii) the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.51 "Subsidiary" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.52 "Substitute Award" shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.53 "Termination of Service" shall mean the date the Holder ceases to be an Eligible Individual. The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain an Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 12.2, Awards may be made under the Plan covering an aggregate number of Shares equal to the sum of: (i) 3,019,108, (ii) any Shares which as of the Effective Date are subject to awards under the Prior Plans which are forfeited or lapse unexercised and which following the Effective Date are not issued under the Prior Plans; and (iii) an annual increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2030, equal to the lesser of (A) 4% of the Shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of Shares as determined by the Board or the Committee; provided, however, no more than 10,000,000 Shares may be issued upon the exercise of Incentive Stock Options. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) If any Shares subject to an Award are forfeited or expire, are converted to shares of another person in connection with a recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other similar event, or such Award is settled for cash (in whole or in part) (including Shares repurchased by the Company under Section 7.4 at the same price paid by the Holder), the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3.1(a) and shall not be available for future grants of Awards: (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right or other stock-settled Award (including Awards that may be settled in cash or stock) that are not issued in connection with the settlement or exercise, as applicable, of the Stock Appreciation Right or other stock-settled Award; and (iv) Shares purchased on the open market by the Company with the cash proceeds received from the exercise of Options. Any Shares repurchased by the Company under Section 7.4 at the same price paid by the Holder so that such Shares are returned to the Company shall again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code, and Shares subject to such Substitute Awards shall not be added to the Shares available for Awards under the Plan as provided in Section 3.1(b) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided in Section 3.1(b) above); provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

3.2 Award Vesting Limitations. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 12.2, no Award (or portion thereof) granted under the Plan shall vest earlier than the first anniversary of the date the Award is granted and no Award Agreement shall reduce or eliminate such minimum vesting requirement; provided, however, that, notwithstanding the foregoing, the minimum vesting requirement of this Section 3.2 shall not apply to: (a) any Substitute Awards, (b) any Awards delivered in lieu of fully-vested Cash-Based Awards (or other fully-vested cash awards or payments), (c) any Awards to Non-Employee Directors for which the vesting period runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders, or (d) any other Awards granted by the Administrator from time to time that result in the issuance of an aggregate of up to 5% of the shares available for issuance under Section 3.1 as of the Effective Date; provided that, nothing in this Section 3.2 limits the ability of an Award to provide that such minimum vesting restrictions may lapse or be waived upon the Participant's Termination of Service or death or disability, subject to Section 11.7.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code. The Administrator, in its sole discretion, may grant Awards to Eligible Individuals that are based on one or more Performance Criteria or achievement of one or more Performance Goals or any such other criteria or goals as the Administrator shall establish.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1 or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the sum of the grant date fair value of equity-based Awards and the amount of any cash-based Awards or other fees granted to a Non-Employee Director during any calendar year shall not exceed $500,000 (the "Director Limit"). The Administrator may make exceptions to this limit for individual Non-Employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving Non-Employee Directors.

ARTICLE 5.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan, including any limitations in the Plan that apply to Incentive Stock Options.

5.2 Qualification of Incentive Stock Options. The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including, without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

5.3 Option and Stock Appreciation Right Exercise Price. The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

5.4 Option and SAR Term. The term of each Option (the "Option Term") and the term of each Stock Appreciation Right (the "SAR Term") shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 5.4 and without limiting the Company's rights under Section 10.7, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 10.7 and 12.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

5.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (other than an Incentive Stock Option) (a) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (b) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be extended until the date that is thirty (30) days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (i) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (ii) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

5.6 Substitution of Stock Appreciation Rights; Early Exercise of Options. The Administrator may provide in the applicable Program or Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price, vesting schedule and remaining term as the substituted Option. The Administrator may provide in the terms of an Award Agreement that the Holder may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

ARTICLE 6.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, unless the Administrator otherwise determines, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 6 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

6.2 Manner of Exercise. Except as set forth in Section 6.3, all or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written notice of exercise in a form the Administrator approves (which may be electronic) complying with the applicable rules established by the Administrator. The notice shall be signed or otherwise acknowledged electronically by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option shall be exercised pursuant to Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2.

6.3 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition or other transfers (other than in connection with a Change in Control) of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

ARTICLE 7.

AWARD OF RESTRICTED STOCK

7.1 Award of Restricted Stock. The Administrator is authorized to grant Restricted Stock, or the right to purchase Restricted Stock, to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

7.2 Rights as Stockholders. Subject to Section 7.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all of the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Restricted Stock are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary dividends or distributions with respect to the Shares may be subject to the restrictions set forth in Section 7.3. In addition, notwithstanding anything to the contrary herein, with respect to a share of Restricted Stock, dividends which are paid prior to vesting shall only be paid out to the Holder to the extent that the share of Restricted Stock vests.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) and, unless the Administrator provides otherwise, any property (other than cash) transferred to Holders in connection with an extraordinary dividend or distribution shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement.

7.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder’s rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement.

7.5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 8.

AWARD OF RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. A Holder will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

8.2 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, one or more Performance Goals or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator. An Award of Restricted Stock Units shall only be eligible to vest while the Holder is an Employee, a Consultant or a Non-Employee Director, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may become vested subsequent to a Termination of Service in the event of the occurrence of certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service, subject to Section 11.7.

8.3 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); provided that, except as otherwise determined by the Administrator, and subject to compliance with Section 409A, in no event shall the maturity date relating to each Restricted Stock Unit occur following the later of (a) the 15th day of the third month following the end of the calendar year in which the applicable portion of the Restricted Stock Unit vests; and (b) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 10.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

ARTICLE 9.

AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS

9.1 Other Stock or Cash Based Awards. The Administrator is authorized to grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, Performance Criteria and Performance Goals, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

9.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Holder to the extent that the vesting conditions are subsequently satisfied and the Award vests.

ARTICLE 10.

ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash, wire transfer of immediately available funds or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) or Shares held for such minimum period of time as may be established by the Administrator, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a

Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as a Holder may have elected, allow a Holder to satisfy such obligations by any payment means described in Section 10.1 hereof, including without limitation, by allowing such Holder to elect to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares that may be so withheld or surrendered shall be limited to the number of Shares that have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory withholding rates in such Holder's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

10.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 10.3(b) and 10.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any person other than another Permitted Transferee of the applicable Holder); (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer; and (iv) the transfer of an Award to a Permitted Transferee shall be without consideration. In addition, and further notwithstanding Section 10.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

10.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) Unless the Administrator otherwise determines, no fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.5 Forfeiture and Claw-Back Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such claw-back policy was in place at the time of grant of an Award, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

10.6 Repricing. Subject to Section 12.2, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per Share exceeds the Fair Market Value of the underlying Shares. Furthermore, for purposes of this Section 10.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per Share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per Share that is less than the exercise price per Share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

10.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 12.2 or 12.10).

10.8 Lock-Up Period. The Company may, in connection with registering the offering of any Company securities under the Securities Act, prohibit Holders from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter. In order to enforce the foregoing, the Company shall have the right to place restrictive legends on the certificates of any securities of the Company held by the Holder and to impose stop transfer instructions with the Company's transfer agent with respect to any securities of the Company held by the Holder until the end of such period.

10.9 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 10.9 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a

Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel the Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

ARTICLE 11.

ADMINISTRATION

11.1 Administrator. The Committee shall administer the Plan (except as otherwise permitted herein). To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3. Additionally, to the extent required by Applicable Law, each of the individuals constituting the Committee shall be an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.1 or the Organizational Documents. Except as may otherwise be provided in the Organizational Documents or as otherwise required by Applicable Law, (a) appointment of Committee members shall be effective upon acceptance of appointment, (b) Committee members may resign at any time by delivering written or electronic notice to the Board and (c) vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the term "Administrator" as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6.

11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 10.7 or Section 12.10. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

11.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan. Neither the Administrator nor any member or delegate thereof shall have any liability to any person (including any Holder) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award.

11.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any Performance Criteria and/or Performance Goals, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all persons.

11.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more Directors or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

11.7 Acceleration. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to accelerate, wholly or partially, the vesting or lapse of restrictions (and, if applicable, the Company shall cease to have a right of repurchase) of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 12.2.

ARTICLE 12.

MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan.

(a) Except as otherwise provided in Section 12.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 10.7 and Section 12.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 12.1(a), the Board may not, except as provided in Section 12.2, take any of the following actions without approval of the Company's stockholders given within twelve (12) months before or after such action: (i) increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or take any action prohibited under Section 11.6, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 10.6.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders (such anniversary, the "Expiration Date"). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan, the applicable Program and the applicable Award Agreement.

12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any 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 the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable Performance Criteria and Performance Goals with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan; and (v) the number and kind of Shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing Non-Employee Directors pursuant to any Non-Employee Director Compensation Policy adopted in accordance with Section 4.6.

(b) In the event of any transaction or event described in Section 12.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 12.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan).

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, unless the Administrator elects to (i) terminate an Award in exchange for cash, rights or property, or (ii) cause an Award to become fully exercisable and no longer subject to any forfeiture restrictions prior to the consummation of a Change in Control, pursuant to Section 12.2, (A) such Award (other than any portion subject to performance-based vesting) shall continue in effect or be assumed or an equivalent Award (which may include, without limitation, an Award settled in cash) substituted by the successor corporation or a parent or subsidiary of the successor corporation and (B) the portion of such Award subject to performance-based vesting shall be subject to the terms and conditions of the applicable Award Agreement and, in the absence of applicable terms and conditions, the Administrator's discretion. In the event an Award continues in effect or is assumed or an equivalent Award substituted, then, in addition to any applicable vesting provisions set forth in any individual Award Agreement or other services agreement or policy applicable to a Holder, if the Holder incurs a Termination of Service without "cause" (as such term is defined in the Award Agreement relating to such Award or if such term is not defined, as determined in the sole discretion of the Administrator) upon or within twelve (12) months following the Change in Control, such Holder shall become fully vested in such continued, assumed or substituted Award immediately upon such Termination of Services.

(e) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award (other than any portion subject to performance-based vesting), the Administrator may cause (i) any or all of such Award (or portion thereof) to terminate in exchange for cash, rights or other property pursuant to Section 12.2(b)(i) or (ii) any or all of such Award (or portion thereof) to become fully exercisable immediately prior to the consummation of such transaction and all forfeiture restrictions on any or all of such Award to lapse. If any such Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that such Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and such Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 12.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent it would (i) cause the Plan to violate Section 422(b)(1) of the Code, (ii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iii) cause an Award to fail to be exempt from or comply with Section 409A.

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall 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, warrants or rights 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.

(j) In the event 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 or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30 days prior to the consummation of any such transaction.

12.3 Approval of Plan by Stockholders. The Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval; provided that such Awards shall not be exercisable, shall not vest and the restrictions thereon shall not lapse and no Shares shall be issued pursuant thereto prior to the time when the Plan is approved by the Company's stockholders; and provided, further, that if such approval has not been obtained at the end of said twelve (12) month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void.

12.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

12.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

12.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

12.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a Holder's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a "separation from service" as defined in Section 409A, and (b) if such Award or amount is payable to a "specified employee" as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A,

such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Holder's Termination of Service, or (ii) the date of the Holder's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 12.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

12.11 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator (and each delegate thereof pursuant to Section 11.6) shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan or any Award Agreement and against and from any and all amounts paid by him or her, with the Board's approval, in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf and, once the Company gives notice of its intent to assume such defense, the Company shall have sole control over such defense with counsel of the Company's choosing. The foregoing right of indemnification shall not be available to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of the person seeking indemnity giving rise to the indemnification claim resulted from such person's bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.13 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

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VROOM, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

ADOPTED MAY 28, 2020

Non-employee members of the board of directors (the "***Board***") of Vroom, Inc. (the "***Company***") shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this "***Policy***"). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall become effective after the effectiveness of the Company's initial public offering (the "***IPO***") and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion and if such IPO does not occur on or prior to January 1, 2021 this Policy shall be void *ab initio*. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors, *provided, however,* that the terms and conditions of this Policy shall not shall not amend or modify the terms of any equity awards granted to any Non-Employee Director prior to the IPO.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of $30,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers:

(i) Chairperson of the Board. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $10,000 for such service.

(ii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $10,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(iii) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $5,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of $2,500 for such service.

(iv) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $4,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of $2,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections 1(a) and 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2020 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***") and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company's stockholders (an "***Annual Meeting***") after the IPO and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting shall be automatically granted, on the date of such Annual Meeting, an award of restricted stock units that have an aggregate fair value on the date of such Annual Meeting of $100,000 (as determined based on the average trading price of the shares of common stock for the ten (10) consecutive trading days immediately preceding the date of grant and with the number of shares of common stock underlying such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(a) shall be referred to as the "***Annual Awards***." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well.

(b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board after the IPO on any date other than the date of an Annual Meeting shall be automatically granted, on the date of such Non-Employee Director's initial election or appointment (such Non-Employee Director's "***Start Date***"), an award of restricted stock units that have an aggregate fair value on such Non-Employee Director's Start Date equal to the product of (i) $100,000 (as determined based on the average trading price of the shares of common stock for the ten (10) consecutive trading days immediately preceding the date of grant) and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding

such Non-Employee Director's Start Date (or, if no such Annual Meeting has occurred, the effective date of the Company's IPO) and ending on such Non-Employee Director's Start Date and the denominator of which is 365 (with the number of shares of common stock underlying each such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(b) shall be referred to as "***Initial Awards***." For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award shall vest and become exercisable on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (ii) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through the applicable vesting date. No portion of an Annual Award or Initial Award that is unvested or unexercisable at the time of a Non-Employee Director's termination of service on the Board shall become vested and exercisable thereafter. All of a Non-Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time. Notwithstanding any provision in this Policy to the contrary, Non-Employee Directors may elect to defer settlement of all or part of any Annual and Initial Awards by executing a valid deferral election in a manner that is consistent with the requirements of Treas. Reg. 1.409A-2 and in accordance with any deferral plan, policy or arrangement established by Company (which may provide for the issuance of deferred stock or deferred stock units in lieu of any such fees or awards).

* * * * *

Exhibit 10.5

VROOM, INC.

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "***Agreement***") is made and entered into as of , 2020 between Vroom, Inc., a Delaware corporation (the "***Company***"), and ("***Indemnitee***").

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "***Board***") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Amended and Restated Certificate of Incorporation (the "***Certificate of Incorporation***") and the Amended and Restated Bylaws (the "***Bylaws***") of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("***DGCL***"). The Certificate of Incorporation, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining qualified individuals;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and the Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Certificate of Incorporation and Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as an officer or director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his or her Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her, or on his or her behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his or her Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not

wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1(c) and without limitation, 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.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf if, by reason of his or her Corporate Status, he or she is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as

well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, 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 event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking by Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The secretary of the Company (or whoever assumes his or her duties) shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after written notice of selection shall have been given, deliver to the Company 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 13 of this Agreement, 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 a written objection is made and substantiated, the Independent Counsel 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 twenty (20) days after the conclusion of the Proceeding giving rise to the request for indemnification, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or 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 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times 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. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after the conclusion of the Proceeding giving rise to the request for indemnification, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60)-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after the conclusion of the Proceeding giving rise to the request for indemnification, the Board or the disinterested directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such resolution and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such resolution and such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such 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 which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) 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 any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) 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 which 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 conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after the conclusion of the Proceeding giving rise to the request for indemnification, (iv) payment of indemnification required by Section 4 is not made pursuant to this Agreement within thirty (30) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in Court of Chancery of the State of Delaware of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his or her behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him or her in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification 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 Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict 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. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, 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. 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. 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.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) 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 (other than against the Fund Indemnitors), 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.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter with respect to any Proceeding (or any proceeding commenced under Section 7 hereof) to which Indemnitee is or becomes subject by reason of his or her Corporate Status, whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement and regardless of whether such Proceeding (or other proceeding under Section 7 hereof) was commenced, threatened or contemplated at the time Indemnitee was an officer or director of the Company. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (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), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) 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.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) "***Corporate Status***" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "***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.

(c) "***Enterprise***" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "***Expenses***" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees 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, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "***Independent Counsel***" means a law firm, or a 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 or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of 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. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above 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.

(f) "***Proceeding***" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or her or of any inaction on his or her part while acting in his or her Corporate Status; in each case whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his or her rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to either Indemnitee or Appointing Stockholder shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Appointing Stockholder indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

Vroom, Inc.
1375 Broadway, Floor 11
New York, New York 10018
Telephone: (631) 760-1215
Email: legal@vroom.com
Attention: Chief Legal Officer

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or any other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. 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.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties 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. 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 Chancery Court of the State of Delaware (the "***Delaware Court***"), 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 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, irrevocably Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 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, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

VROOM, INC.

By: _____
Name: Paul J. Hennessy
Title: Chief Executive Officer

INDEMNITEE

_____
Name:
Address:

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL LEASE

Table of Contents

ADDENDA & EXHIBITS (check all that apply)

- ☒ Exhibit Lease Amendment of even date
- ☒ Exhibit Recordable Right of First Refusal
- ☒ Commercial Lease Addendum for Broker's Fee
- ☐ Commercial Lease Expense Reimbursement Addendum
- ☐ Commercial Lease Addendum for Extension Option
- ☐ Commercial Lease Addendum for Percentage Rent
- ☐ Commercial Lease Parking Addendum
- ☐ Commercial Landlord's Rules and Regulations
- ☐ Commercial Lease Guaranty
- ☐ Commercial Lease Right of First Refusal Addendum
- ☐ Commercial Lease Addendum for Optional Space
- ☐ Commercial Leasehold Construction Addendum
- ☒ Comm Property Condition Statement
- ☒ Info About Brokerage Services

Lease Amendment must be attached.
Provisions in Lease Amendment shall control over all other agreements.

Initiated for Identification by Tenant: RW, and Landlord: RPA

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL LEASE

1. PARTIES: The parties to this lease are:

Tenant: Texas Direct Auto ; and

Landlord: Robert P. Archer, ETAL .

2. LEASED PREMISES:

A. Landlord leases to Tenant the following described real property, known as the "leased premises," along with all its improvements (*Check only one box*):

☐ (1) Multiple-Tenant Property: Suite or Unit Number containing approximately square feet of rentable area in (project name) at (address) in (city), (county), Texas, which is legally described on attached Exhibit or as follows:

☒ (2) Single-Tenant Property: The real property at: 12053 Southwest Freeway (*address*) in Houston (*city*), Harris (*county*), Texas, which is legally described on attached Exhibit or as follows: 0101 JAS ALSTON, ACRES 17.2939, RESTRICTED RESERVE "B", AUTONATION USA SOUTH (RETAIL DIVISION) .

B. If Paragraph 2A(1) applies:

(1) "Property" means the building or complex in which the leased premises are located, inclusive of any common areas, drives, parking areas, and walks; and

(2) the parties agree that the rentable area of the leased premises may not equal the actual or useable area within the leased premises and may include an allocation of common areas in the Property.

3. TERM:

A. Term: The term of this lease is 120 months and days, commencing on: September 1, 2009 (*Commencement Date*) and ending on August 31, 2019 (*Expiration Date*).

B. Delay of Occupancy: If Tenant is unable to occupy the leased premises on the Commencement Date because of construction on the leased premises to be completed by Landlord that is not substantially complete or a prior tenant's holding over of the leased premises, Landlord will not be liable to Tenant for such delay and this lease will remain enforceable. In the event of such a delay, the Commencement Date will automatically be extended to the date Tenant is able to occupy the Property and the Expiration Date will also be extended by a like number of days, so that the length of this lease remains unchanged. If Tenant is unable to occupy the leased premises after the 90th day after the Commencement Date because of construction on the leased premises to be completed by Landlord that is not substantially complete or a prior tenant's holding over of the leased premises, Tenant may terminate this lease by giving written notice to Landlord before the leased premises become available to be occupied by Tenant and Landlord will refund to Tenant any amounts paid to Landlord by Tenant. This Paragraph 3B does not apply to any delay in occupancy caused by cleaning or repairs.

C. Unless the parties agree otherwise, Tenant is responsible for obtaining a certificate of occupancy for the leased premises if required by a governmental body.

4. RENT AND EXPENSES:

A. Base Monthly Rent: On or before the first day of each month during this lease, Tenant will pay Landlord base monthly rent as described on attached Exhibit or as follows:

from	November 1, 2009	to	August 31, 2019	$70,000.00 (NNN)
from		to		$
from		to		$
from		to		$
from		to		$

B. First Full Month's Rent: The first full base monthly rent is due on or before At execution of the Lease.

C. Prorated Rent: If the Commencement Date is on a day other than the first day of a month, Tenant will pay Landlord as prorated rent, an amount equal to the base monthly rent multiplied by the following fraction: the number of days from the Commencement Date to the first day of the following month divided by the number of days in the month in which this lease commences. The prorated rent is due on or before the Commencement Date.

D. Additional Rent: In addition to the base monthly rent and prorated rent, Tenant will pay Landlord all other amounts, as provided by the attached (*Check all that apply.*):

☐ (1) Commercial Expense Reimbursement Addendum
☐ (2) Commercial Percentage Rent Addendum
☐ (3) Commercial Parking Addendum
☐ (4) _____

All amounts payable under the applicable addenda are deemed to be "rent" for the purposes of this lease.

E. Place of Payment: Tenant will remit all amounts due Landlord under this lease to the following person at the place stated or to such other person or place as Landlord may later designate in writing:

Name: Robert P. Archer
Address: 11614 Southwest Freeway, Houston, Texas 77031

F. Method of Payment: Tenant must pay all rent timely without demand, deduction, or offset, except as permitted by law or this lease. If Tenant fails to timely pay any amounts due under this lease or if any check of Tenant is returned to Landlord by the institution on which it was drawn, Landlord after providing written notice to Tenant may require Tenant to pay subsequent amounts that become due under this lease in certified funds. This paragraph does not limit Landlord from seeking other remedies under this lease for Tenant's failure to make timely payments with good funds.

G. Late Charges: If Landlord does not actually receive a rent payment at the designated place of payment within 5 days after the date it is due, Tenant will pay Landlord a late charge equal to 5% of the amount due. In this paragraph, the mailbox is not the agent for receipt for Landlord. The late charge is a cost associated with the collection of rent and Landlord's acceptance of a late charge does not waive Landlord's right to exercise remedies under Paragraph 20.

H. Returned Checks: Tenant will pay $ 25.00 (*not to exceed $25*) for each check Tenant tenders to Landlord which is returned by the institution on which it is drawn for any reason, plus any late charges until Landlord receives payment.

5. SECURITY DEPOSIT:

A. Upon execution of this lease, Tenant will pay $ 70,000.00 to Landlord as a security deposit.

B. Landlord may apply the security deposit to any amounts owed by Tenant under this lease. If Landlord applies any part of the security deposit during any time this lease is in effect to amounts owed by Tenant, Tenant must, within 10 days after receipt of notice from Landlord, restore the security deposit to the amount stated.

C. Within 60 days after Tenant surrenders the leased premises and provides Landlord written notice of Tenant's forwarding address, Landlord will refund the security deposit less any amounts applied toward amounts owed by Tenant or other charges authorized by this lease.

6. TAXES: Unless otherwise agreed by the parties, Landlord will pay all real property ad valorem taxes assessed against the leased premises.

7. UTILITIES:

A. The party designated below will pay for the following utility charges to the leased premises and any connection charges for the utilities. (*Check all that apply.*)

	N/A	Landlord	Tenant
(1) Water	☐	☐	☒
(2) Sewer	☐	☐	☒
(3) Electric	☐	☐	☒
(4) Gas	☐	☐	☒
(5) Telephone	☐	☐	☒
(6) Trash	☐	☐	☒
(7) Cable	☒	☐	☒
(8)	☐	☐	☐
(9) All other utilities	☐	☐	☒

B. The party responsible for the charges under Paragraph 7A will pay the charges directly to the utility service provider. The responsible party may select the utility service provider except that if Tenant selects the provider, any access or alterations to the Property or leased premises necessary for the utilities may be made only with Landlord's prior consent, which Landlord will not unreasonably withhold. If Landlord incurs any liability for utility or connection charges for which Tenant is responsible to pay and Landlord pays such amount, Tenant will immediately upon written notice from Landlord reimburse Landlord such amount.

C. Notice: Tenant should determine if all necessary utilities are available to the leased premises and are adequate for Tenant's intended use.

D. After-Hours HVAC Charges: "HVAC services" means heating, ventilating, and air conditioning of the leased premises. (*Check one box only.*)

☐ (1) Landlord is obligated to provide the HVAC services to the leased premises only during the Property's operating hours specified under Paragraph 9C.

☐ (2) Landlord will provide the HVAC services to the leased premises during the operating hours specified under Paragraph 9C for no additional charge and will, at Tenant's request, provide HVAC services to the leased premises during other hours for an additional charge of $ per hour. Tenant will pay Landlord the charges under this paragraph immediately

upon receipt of Landlord's invoice. Hourly charges are charged on a half-hour basis. Any partial hour will be rounded up to the next half hour. Tenant will comply with Landlord's procedures to make a request to provide the additional HVAC services under this paragraph.

☒ (3) Tenant will pay for the HVAC services under this lease.

8. INSURANCE:

A. During all times this lease is in effect, Tenant must, at Tenant's expense, maintain in full force and effect from an insurer authorized to operate in Texas:

(1) public liability insurance in an amount not less than $1,000,000.00 on an occurrence basis naming Landlord as an additional insured; and

(2) personal property damage insurance for Tenant's business operations and contents on the leased premises in an amount sufficient to replace such contents after a casualty loss.

B. Before the Commencement Date, Tenant must provide Landlord with a copy of insurance certificates evidencing the required coverage. If the insurance coverage is renewed or changes in any manner or degree at any time this lease is in effect, Tenant must, not later than 10 days after the renewal or change, provide Landlord a copy of an insurance certificate evidencing the renewal or change.

C. If Tenant fails to maintain the required insurance in full force and effect at all times this lease is in effect, Landlord may:

(1) purchase insurance that will provide Landlord the same coverage as the required insurance and Tenant must immediately reimburse Landlord for such expense; or

(2) exercise Landlord's remedies under Paragraph 20.

D. Unless the parties agree otherwise, Landlord will maintain in full force and effect insurance for: (1) fire and extended coverage in an amount to cover the reasonable replacement cost of the improvements of the Property; and (2) any public liability insurance in an amount that Landlord determines reasonable and appropriate.

E. If there is an increase in Landlord's insurance premiums for the leased premises or Property or its contents that is caused by Tenant, Tenant's use of the leased premises, or any improvements made by or for Tenant, Tenant will, for each year this lease is in effect, pay Landlord the increase immediately after Landlord notifies Tenant of the increase. Any charge to Tenant under this Paragraph 8E will be equal to the actual amount of the increase in Landlord's insurance premium.

9. USE AND HOURS:

A. Tenant may use the leased premises for the following purpose and no other: Automotive related business

B. Unless otherwise specified in this lease, Tenant will operate and conduct its business in the leased premises during business hours that are typical of the industry in which Tenant represents it operates.

C. The Property maintains operating hours of (*specify hours, days of week, and if inclusive or exclusive of weekends and holidays*): Hours typical to the automotive industry

10. LEGAL COMPLIANCE:

A. Tenant may not use or permit any part of the leased premises or the Property to be used for:

(1) any activity which is a nuisance or is offensive, noisy, or dangerous;

(2) any activity that interferes with any other tenant's normal business operations or Landlord's management of the Property;

(3) any activity that violates any applicable law, regulation, zoning ordinance, restrictive covenant, governmental order, owners' association rules, tenants' association rules, Landlord's rules or regulations, or this lease;

(4) any hazardous activity that would require any insurance premium on the Property or leased premises to increase or that would void any such insurance;

(5) any activity that violates any applicable federal, state, or local law, including but not limited to those laws related to air quality, water quality, hazardous materials, wastewater, waste disposal, air emissions, or other environmental matters;

(6) the permanent or temporary storage of any hazardous material; or

(7)

B. "Hazardous material" means any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, solvent, or oil as defined by any federal, state, or local environmental law, regulation, ordinance, or rule existing as of the date of this lease or later enacted.

C. Landlord does not represent or warrant that the leased premises or Property conform to applicable restrictions, zoning ordinances, setback lines, parking requirements, impervious ground cover ratio requirements, and other matters that may relate to Tenant's intended use. Tenant must satisfy itself that the leased premises may be used as Tenant intends by independently investigating all matters related to the use of the leased premises or Property. Tenant agrees that it is not relying on any warranty or representation made by Landlord, Landlord's agent, or any broker concerning the use of the leased premises or Property.

11. SIGNS:

A. Tenant may not post or paint any signs or place any decoration outside the leased premises or on the Property without Landlord's written consent. Landlord may remove any unauthorized sign, and Tenant will promptly reimburse Landlord for its cost to remove any unauthorized sign.

B. Any authorized sign must comply with all laws, restrictions, zoning ordinances, and any governmental order relating to signs on the leased premises or Property. Landlord may temporarily remove any authorized sign to complete repairs or alterations to the leased premises or the Property.

C. By providing written notice to Tenant before this lease ends, Landlord may require Tenant, upon move-out and at Tenant's expense, to remove, without damage to the Property or leased premises, any or all signs that were placed on the Property or leased premises by or at the request of Tenant. Any signs that Landlord does not require Tenant to remove and that are fixtures, become the property of the Landlord and must be surrendered to Landlord at the time this lease ends.

12. ACCESS BY LANDLORD:

A. During Tenant's normal business hours Landlord may enter the leased premises for any reasonable purpose, including but not limited to purposes for repairs, maintenance, alterations, and showing the leased premises to prospective tenants or purchasers. Landlord may access the leased premises after Tenant's normal business hours if: (1) entry is made with Tenant's permission; or (2) entry is necessary to complete emergency repairs. Landlord will not unreasonably interfere with Tenant's business operations when accessing the leased premises.

B. During the last 90 days of this lease, Landlord may place a "For Lease" or similarly worded sign in the leased premises.

13. MOVE-IN CONDITION: Tenant has inspected the leased premises and accepts it in its present (as-is) condition unless expressly noted otherwise in this lease. Landlord and any agent have made no express or implied warranties as to the condition or permitted use of the leased premises or Property.

14. MOVE-OUT CONDITIONS AND FORFEITURE OF TENANT'S PERSONAL PROPERTY:

A. At the time this lease ends, Tenant will surrender the leased premises in the same condition as when received, except for normal wear and tear. Tenant will leave the leased premises in a clean condition free of all trash, debris, personal property, hazardous materials, and environmental contaminants.

B. If Tenant leaves any personal property in the leased premises after Tenant surrenders possession of the leased premises, Landlord may: (1) require Tenant, at Tenant's expense, to remove the personal property by providing written notice to Tenant; or (2) retain such personal property as forfeited property to Landlord.

C. "Surrender" means vacating the leased premises and returning all keys and access devices to Landlord. "Normal wear and tear" means deterioration that occurs without negligence, carelessness, accident, or abuse.

D. By providing written notice to Tenant before this lease ends, Landlord may require Tenant, upon move-out and at Tenant's expense, to remove, without damage to the Property or leased premises, any or all fixtures that were placed on the Property or leased premises by or at the request of Tenant. Any fixtures that Landlord does not require Tenant to remove become the property of the Landlord and must be surrendered to Landlord at the time this lease ends.

15. MAINTENANCE AND REPAIRS:

A. Cleaning: Tenant must keep the leased premises clean and sanitary and promptly dispose of all garbage in appropriate receptacles. ☐ Landlord ☒ Tenant will provide, at its expense, janitorial services to the leased premises that are customary and ordinary for the property type. Tenant will maintain any grease trap on the Property which Tenant uses, including but not limited to periodic emptying and cleaning, as well as making any modification to the grease trap that may be necessary to comply with any applicable law.

B. Repairs of Conditions Caused by a Party: Each party must promptly repair a condition in need of repair that is caused, either intentionally or negligently, by that party or that party's guests, patrons, invitees, contractors or permitted subtenants.

C. Repair and Maintenance Responsibility: Except as otherwise provided by this Paragraph 15, the party designated below, at its expense, is responsible to maintain and repair the following specified items in the leased premises (if any). The specified items must be maintained in clean and good operable condition. If a governmental regulation or order requires a modification to any of the specified items, the party designated to maintain the item must complete and pay the expense of the modification. The specified items include and relate only to real property in the leased premises. Tenant is responsible for the repair and maintenance of its personal property. (*Check all that apply.*)

	N/A	Landlord	Tenant
(1) Foundation, exterior walls, roof, and other structural components	☐	☐	☒
(2) Glass and windows	☐	☐	☒
(3) Fire protection equipment and fire sprinkler systems	☐	☐	☒
(4) Exterior & overhead doors, including closure devices, molding locks, and hardware	☐	☐	☒
(5) Grounds maintenance, including landscaping and irrigation systems	☐	☐	☒
(6) Interior doors, including closure devices, frames, molding locks, and hardware	☐	☐	☒
(7) Parking areas and walks	☐	☐	☒
(8) Plumbing systems, drainage systems, electrical systems, and mechanical systems, except systems or items specifically designated otherwise	☐	☐	☒
(9) Ballast and lamp replacement	☐	☐	☒
(10) Heating, Ventilation and Air Conditioning (HVAC) systems	☐	☐	☒
(11) Signs and lighting:			
(a) Pylon	☐	☐	☒
(b) Facia	☐	☐	☒
(c) Monument	☐	☐	☒
(d) Door/Suite	☐	☐	☒
(12) Extermination and pest control, excluding wood-destroying insects	☐	☐	☒
(13) Fences and Gates	☐	☐	☒
(14) Storage yards and storage buildings	☐	☐	☒
(15) Wood-destroying insect treatment and repairs	☐	☐	☒
(16) Cranes and related systems	☐	☐	☒
(17)	☒	☐	☐
(18)	☒	☐	☐
(19) All other items and systems.		☐	☒

D. Repair Persons: Repairs must be completed by trained, qualified, and insured repair persons.

E. HVAC Service Contract: If Tenant maintains the HVAC system under Paragraph 15C(10), Tenant ☐ is ☒ is not required to maintain, at its expense, a regularly scheduled maintenance and service contract for the HVAC system. The maintenance and service contract must be purchased from a HVAC maintenance company that regularly provides such contracts to similar properties. If Tenant fails to maintain a required HVAC maintenance and service contract in effect at all times during this lease, Landlord may do so and charge Tenant the expense of such a maintenance and service contract or Landlord may exercise Landlord's remedies under Paragraph 20.

F. Common Areas: Landlord will maintain any common areas in the Property in a manner as Landlord determines to be in the best interest of the Property. Landlord will maintain any elevator and signs in the common area. Landlord may change the size, dimension, and location of any common areas, provided that such change does not materially impair Tenant's use and access to the leased premises. Tenant has the non-exclusive license to use the common areas

in compliance with Landlord's rules and regulations. Tenant may not solicit any business in the common areas or interfere with any other person's right to use the common areas. This paragraph does not apply if Paragraph 2A(2) applies.

G. Notice of Repairs: Tenant must promptly notify Landlord of any item that is in need of repair and that is Landlord's responsibility to repair. All requests for repairs to Landlord must be in writing.

H. Failure to Repair: Landlord must make a repair for which Landlord is responsible within a reasonable period of time after Tenant provides Landlord written notice of the needed repair. If Tenant fails to repair or maintain an item for which Tenant is responsible within 10 days after Landlord provides Tenant written notice of the needed repair or maintenance, Landlord may: (1) repair or maintain the item, without liability for any damage or loss to Tenant, and Tenant must immediately reimburse Landlord for the cost to repair or maintain; or (2) exercise Landlord's remedies under Paragraph 20.

16. ALTERATIONS:

A. Tenant may not alter, improve, or add to the Property or the leased premises without Landlord's written consent. Landlord will not unreasonably withhold consent for the Tenant to make reasonable non-structural alterations, modifications, or improvements to the leased premises.

B. Tenant may not alter any locks or any security devices on the Property or the leased premises without Landlord's consent. If Landlord authorizes the changing, addition, or rekeying of any locks or other security devices, Tenant must immediately deliver the new keys and access devices to Landlord.

C. If a governmental order requires alteration or modification to the leased premises, the party obligated to maintain and repair the item to be modified or altered as designated in Paragraph 15 will, at its expense, modify or alter the item in compliance with the order and in compliance with Paragraphs 16A and 17.

D. Any alterations, improvements, fixtures or additions to the Property or leased premises installed by either party during the term of this lease will become Landlord's property and must be surrendered to Landlord at the time this lease ends, except for those fixtures Landlord requires Tenant to remove under Paragraph 11 or 14 or if the parties agree otherwise in writing.

17. LIENS: Tenant may not do anything that will cause the title of the Property or leased premises to be encumbered in any way. If Tenant causes a lien to be filed against the Property or leased premises, Tenant will within 20 days after receipt of Landlord's demand: (1) pay the lien and have the lien released of record; or (2) take action to discharge the lien. Tenant will provide Landlord a copy of any release Tenant obtains pursuant to this paragraph.

18. LIABILITY: To the extent permitted by law, Landlord is NOT responsible to Tenant or Tenant's employees, patrons, guests, or invitees for any damages, injuries, or losses to person or property caused by:

A. an act, omission, or neglect of Tenant; Tenant's agent; Tenant's guest; Tenant's employees; Tenant's patrons; Tenant's invitees; or any other tenant on the Property;

B. fire, flood, water leaks, ice, snow, hail, winds, explosion, smoke, riot, strike, interruption of utilities, theft, burglary, robbery, assault, vandalism, other persons, environmental contaminants, or other occurrences or casualty losses.

19. INDEMNITY: Each party will indemnify and hold the other party harmless from any property damage, personal injury, suits, actions, liabilities, damages, cost of repairs or service to the leased premises or Property, or any other loss caused, negligently or otherwise, by that party or that party's employees, patrons, guests, or invitees.

20. DEFAULT:

A. If Landlord fails to comply with this lease within 30 days after Tenant notifies Landlord of Landlord's failure to comply, Landlord will be in default and Tenant may seek any remedy provided by law. If, however, Landlord's non-compliance reasonably requires more than 30 days to cure, Landlord will not be in default if the cure is commenced within the 30-day period and is diligently pursued.

B. If Landlord does not actually receive at the place designated for payment any rent due under this lease within 5 days after it is due, Tenant will be in default. If Tenant fails to comply with this lease for any other reason within 10 days after Landlord notifies Tenant of its failure to comply, Tenant will be in default.

C. If Tenant is in default, Landlord may: (i) terminate Tenant's right to occupy the leased premises by providing Tenant with at least 3 days written notice; and (ii) accelerate all rents which are payable during the remainder of this lease or any renewal period without notice or demand. Landlord will attempt to mitigate any damage or loss caused by Tenant's breach by using commercially reasonable means. If Tenant is in default, Tenant will be liable for:

(1) any lost rent;

(2) Landlord's cost of reletting the leased premises, including brokerage fees, advertising fees, and other fees necessary to relet the leased premises;

(3) repairs to the leased premises for use beyond normal wear and tear;

(4) all Landlord's costs associated with eviction of Tenant, such as attorney's fees, court costs, and prejudgment interest;

(5) all Landlord's costs associated with collection of rent such as collection fees, late charges, and returned check charges;

(6) cost of removing any of Tenant's equipment or fixtures left on the leased premises or Property;

(7) cost to remove any trash, debris, personal property, hazardous materials, or environmental contaminants left by Tenant or Tenant's employees, patrons, guests, or invitees in the leased premises or Property;

(8) cost to replace any unreturned keys or access devices to the leased premises, parking areas, or Property;

(9) any other recovery to which Landlord may be entitled under this lease or under law.

21. ABANDONMENT, INTERRUPTION OF UTILITIES, REMOVAL OF PROPERTY AND LOCKOUT: Chapter 93 of the Texas Property Code governs the rights and obligations of the parties with regard to: (a) abandonment of the leased premises; (b) interruption of utilities; (c) removal of Tenant's property; and (d) ''lock-out'' of Tenant.

22. HOLDOVER: If Tenant fails to vacate the leased premises at the time this lease ends, Tenant will become tenant-at-will and must vacate the leased premises immediately upon receipt of demand from Landlord. No holding over by Tenant, with or without the consent of Landlord, will extend this lease. Tenant will indemnify Landlord and any prospective tenants for any and all damages caused by the holdover. Rent for any holdover period will be two times the base monthly rent plus any additional rent calculated on a daily basis and will be immediately due and payable daily without notice or demand.

23. LANDLORD'S LIEN AND SECURITY INTEREST: To secure Tenant's performance under this lease, Tenant grants to Landlord a lien and security interest against all of Tenant's nonexempt personal property that is in the leased premises or on the Property. This lease is a security agreement for the purposes of the Uniform Commercial Code. Landlord may file a copy of this lease as a financing statement.

24. ASSIGNMENT AND SUBLETTING: Landlord may assign this lease to any subsequent owner of the Property. Tenant may not assign this lease or sublet any part of the leased premises without Landlord's written consent. An assignment of this lease or subletting of the leased premises without Landlord's written consent is voidable by Landlord. If Tenant assigns this lease or sublets any part of the leased premises, Tenant will remain liable for all of Tenant's obligations under this lease regardless if the assignment or sublease is made with or without the consent of Landlord.

25. RELOCATION:

☐ A. By providing Tenant with not less than 90 days advanced written notice, Landlord may require Tenant to relocate to another location in the Property, provided that the other location is equal in size or larger than the leased premises then occupied by Tenant and contains similar leasehold improvements. Landlord will pay Tenant's reasonable out-of-pocket moving expenses for moving to the other location. "Moving expenses" means reasonable expenses payable to professional movers, utility companies for connection and disconnection fees, wiring companies for connecting and disconnecting Tenant's office equipment required by the relocation, and printing companies for reprinting Tenant's stationary and business cards. A relocation of Tenant will not change or affect any other provision of this lease that is then in effect, including rent and reimbursement amounts, except that the description of the suite or unit number will automatically be amended.

☒ B. Landlord may not require Tenant to relocate to another location in the Property without Tenant's prior consent.

26. SUBORDINATION:

A. This lease and Tenant's leasehold interest are and will be subject, subordinate, and inferior to:

(1) any lien, encumbrance, or ground lease now or hereafter placed on the leased premises or the Property that Landlord authorizes;

(2) all advances made under any such lien, encumbrance, or ground lease;

(3) the interest payable on any such lien or encumbrance;

(4) any and all renewals and extensions of any such lien, encumbrance, or ground lease;

(5) any restrictive covenant affecting the leased premises or the Property; and

(6) the rights of any owners' association affecting the leased premises or Property.

B. Tenant must, on demand, execute a subordination, attornment, and non-disturbance agreement that Landlord may request that Tenant execute, provided that such agreement is made on the condition that this lease and Tenant's rights under this lease are recognized by the lien-holder.

27. ESTOPPEL CERTIFICATES: Within 10 days after receipt of a written request from Landlord, Tenant will execute and deliver to Landlord an estoppel certificate that identifies the terms and conditions of this lease.

28. CASUALTY LOSS:

A. Tenant must immediately notify Landlord of any casualty loss in the leased premises. Within 20 days after receipt of Tenant's notice of a casualty loss, Landlord will notify Tenant if the leased premises are less than or more than 50% unusable, on a per square foot basis, and if Landlord can substantially restore the leased premises within 120 days after Tenant notifies Landlord of the casualty loss.

B. If the leased premises are less than 50% unusable and Landlord can substantially restore the leased premises within 120 days after Tenant notifies Landlord of the casualty, Landlord will restore the leased premises to substantially the same condition as before the casualty. If Landlord fails to substantially restore within the time required, Tenant may terminate this lease.

C. If the leased premises are more than 50% unusable and Landlord can substantially restore the leased premises within 120 days after Tenant notifies Landlord of the casualty, Landlord may: (1) terminate this lease; or (2) restore the leased premises to substantially the same condition as before the casualty. If Landlord chooses to restore and does not substantially restore the leased premises within the time required, Tenant may terminate this lease.

D. If Landlord notifies Tenant that Landlord cannot substantially restore the leased premises within 120 days after Tenant notifies Landlord of the casualty loss, Landlord may: (1) choose not to restore and terminate this lease; or (2) choose to restore, notify Tenant of the estimated time to restore, and give Tenant the option to terminate this lease by notifying Landlord within 10 days.

E. If this lease does not terminate because of a casualty loss, rent will be reduced from the date Tenant notifies Landlord of the casualty loss to the date the leased premises are substantially restored by an amount proportionate to the extent the leased premises are unusable.

29. CONDEMNATION: If after a condemnation or purchase in lieu of condemnation the leased premises are totally unusable for the purposes stated in this lease, this lease will terminate. If after a condemnation or purchase in lieu of condemnation the leased premises or Property are partially unusable for the purposes of this lease, this lease will continue and rent will be reduced in an amount proportionate to the extent the leased premises are unusable. Any condemnation award or proceeds in lieu of condemnation are the property of Landlord and Tenant has no claim to such proceeds or award. Tenant may seek compensation from the condemning authority for its moving expenses and damages to Tenant's personal property.

30. ATTORNEY'S FEES: Any person who is a prevailing party in any legal proceeding brought under or related to the transaction described in this lease is entitled to recover prejudgment interest, reasonable attorney's fees, and all other costs of litigation from the nonprevailing party.

31. REPRESENTATIONS:

A. Tenant's statements in this lease and any application for rental are material representations relied upon by Landlord. Each party signing this lease represents that he or she is of legal age to enter into a binding contract and is authorized to sign the lease. If Tenant makes any misrepresentation in this lease or in any application for rental, Tenant is in default.

B. Landlord is not aware of any material defect on the Property that would affect the health and safety of an ordinary person or any environmental hazard on or affecting the Property that would affect the health or safety of an ordinary person, except

_____

_____

_____

C. Each party and each signatory to this lease represents that: (1) it is not a person named as a Specially Designated National and Blocked Person as defined in Presidential Executive Order 13224; (2) it is not acting, directly or indirectly, for or on behalf of a Specially Designated and Blocked Person; and (3) is not arranging or facilitating this lease or any transaction related to this lease for a Specially Designated and Blocked Person. Any party or any signatory to this lease who is a Specially Designated and Blocked person will indemnify and hold harmless any other person who relies on this representation and who suffers any claim, damage, loss, liability or expense as a result of this representation.

32. BROKERS:

A. The brokers to this lease are:

		Commercial Fine Properties	0582829
Cooperating Broker	License No.	Principal Broker	License No.
		11689 Westheimer, Suite C Houston, Texas 77077	
Address		Address	
		(713) 981-3900	(281) 598-3951
Phone	Fax	Phone	Fax
		Bob@CFP-Texas.com	
E-mail		E-mail	
Cooperating Broker represents Tenant.		Principal Broker (*Check only one box*) ☒ represents Landlord only. ☐ represents Tenant only. ☐ is an intermediary between Landlord and Tenant.	

B. Fees:

☒ (1) Principal Broker's fee will be paid according to: (*Check only one box*).

☐ (a) a separate written commission agreement between Principal Broker and:
☐ Landlord ☐ Tenant.

☒ (b) the attached Addendum for Broker's Fee.

☐ (2) Cooperating Broker's fee will be paid according to: (*Check only one box*).

☐ (a) a separate written commission agreement between Cooperating Broker and:
☐ Principal Broker ☐ Landlord ☐ Tenant.

☐ (b) the attached Addendum for Broker's Fee.

33. ADDENDA: Incorporated into this lease are the addenda, exhibits and other information marked in the Addenda and Exhibit section of the Table of Contents. If Landlord's Rules and Regulations are made part of this lease, Tenant agrees to comply with the Rules and Regulations as Landlord may, at its discretion, amend from time to time.

34. NOTICES: All notices under this lease must be in writing and are effective when hand-delivered, sent by mail, or sent by facsimile transmission to:

Tenant at the leased premises,
and a copy to: Rick Williams
Address: 12053 Southwest Freeway, Houston, Texas 77477
Phone: (713) 545-1906 Fax:

☐ Tenant also consents to receive notices by e-mail at:

Landlord at: Robert P. Archer
Address: 11614 Southwest Freeway Houston, Texas 77031
Phone: (281) 495-5448 Fax:

and a copy to:
Address:
Phone: Fax:

☐ Landlord also consents to receive notices by e-mail at:

35. SPECIAL PROVISIONS:

Tenant agrees to return property at expiration of lease in same condition as when lease commenced, i.e., if 90% of the outside lights are in working condition, then 90% must work at expiration of lease.

Tenant will receive 60 days free rent (September and October of 2009). Tenant is responsible for all other costs associated with this lease during the 60 days of free rent including but not limited to property taxes, insurance and utilities.

Mechanical lifts in the shop are included in this lease.

Tenant will assume remaining electricity contract from landlord.

Tenant agrees that Landlord's computer unit may be housed at leased premises for up to 90 days after lease commencement.

If tenant, for any reason, ever ceases to do business then landlord reserves the right to open a used automobile operation in order to comply with the City of Stafford restrictions on the property.

36. AGREEMENT OF PARTIES:

A. Entire Agreement: This lease contains the entire agreement between Landlord and Tenant and may not be changed except by written agreement.

B. Binding Effect: This lease is binding upon and inures to the benefit of the parties and their respective heirs, executors, administrators, successors, and permitted assigns.

C. Joint and Several: All Tenants are jointly and severally liable for all provisions of this lease. Any act or notice to, or refund to, or signature of, any one or more of the Tenants regarding any term of this lease, its renewal, or its termination is binding on all Tenants.

D. Controlling Law: The laws of the State of Texas govern the interpretation, performance, and enforcement of this lease.

E. Severable Clauses: If any clause in this lease is found invalid or unenforceable by a court of law, the remainder of this lease will not be affected and all other provisions of this lease will remain valid and enforceable.

F. Waiver: Landlord's delay, waiver, or non-enforcement of acceleration, contractual or statutory lien, rental due date, or any other right will not be deemed a waiver of any other or subsequent breach by Tenant or any other term in this lease.

G. Quiet Enjoyment: Provided that Tenant is not in default of this lease, Landlord covenants that Tenant will enjoy possession and use of the leased premises free from material interference.

H. Force Majeure: If Landlord's performance of a term in this lease is delayed by strike, lock-out, shortage of material, governmental restriction, riot, flood, or any cause outside Landlord's control, the time for Landlord's performance will be abated until after the delay.

I. Time: Time is of the essence. The parties require strict compliance with the times for performance.

Brokers are not qualified to render legal advice, property inspections, surveys, engineering studies, environmental assessments, tax advice, or compliance inspections. The parties should seek experts to render such services. READ THIS LEASE CAREFULLY. If you do not understand the effect of this Lease, consult your attorney BEFORE signing.

Texas Direct Auto	Robert P. Archer, ETAL
Tenant	Landlord
By: /s/ Rick Williams 08/10/2009	By: 08/10/2009
Date	Date
Printed Name: Texas Direct Auto, Rick Williams	Printed Name: Robert P. Archer, ETAL
Title: President	Title:
/s/ Rick Williams	/s/ Robert P. Archer
Tenant	Landlord
By	

AMENDMENT TO LEASE AGREEMENT

Amendment to that certain lease agreement of even date herein by and between Left Gate Property Holdings Inc., dba Texas Direct Auto and Robert P. Archer et al. For the purposes and considerations expressed in the lease agreement to which this amendment is a part, the parties agreed to amend and modify the lease pursuant to the specific agreements hereinafter set forth.

1. The term of this lease shall be for sixty (60) months beginning September 12, 2009 and ending September 11, 2014. Tenant shall have two options to renew the lease for two additional sixty (60) month periods. To renew said lease tenant shall notify the landlord, in writing, within sixty (60) days prior to the end of the primary term, being the initial five year term of the lease, that it chooses to exercise this option. The second option to renew shall be at an increased Rental Rate of $85,000 dollars per month.

2. Section 9(A) of the lease shall be amended to read as follows: “Tenant and subtenants may use the Leased Premises for the following purpose and no other; automotive related businesses, auto sales, auto repair, auto body shop, and other related automotive businesses.”

3. Section 10, subsection 7 of the lease will be amended to read as follows: This lease is conditioned upon all governmental entities approving Tenant operating a used car on the Leased Premises. In the event that it is deemed illegal by any governmental entity to operate a used car business on the Leased Premises. In the event that it is deemed illegal by any governmental entity to operate a used car business or alternatively, should it be found or alleged that operating a used car business is against any zoning laws or ordinances, then this lease shall be terminated for all purposes and all sums of money not earned as rentals shall be returned to Tenant, including the full security deposit, subject to the condition of the property as provided in the lease.

4. Section 11(A) shall be amended to read as follows: Tenant may utilize and post signs on or above the Leased Premises which are currently in existence by substituting Tenant’s name of that of the prior tenant and/or owner. Other than the foregoing signs, which are now in existence, Tenant may not post signs about the leased premises or property without Landlord’s written consent, such consent not to be unreasonably withheld. Landlord may remove any unauthorized sign, and Tenant will promptly reimburse Landlord for its cost to remove any unauthorized sign by the compliance with the foregoing.

5. Section 13 shall be amended to read as follows: Tenant has inspected the Leased Premises and accepts it in its present (as is) condition, unless expressly noted otherwise in the lease. Landlord has made no express or implied warranty as to the condition as prescribed use of the property, save as made in the property condition addendum.

6. Section 28 of the lease shall be deleted in its entirety unless the following language substituted Casualty loss. Tenant must notify Landlord immediately of any casualty loss occurring in or about the Leased Premises. Landlord and Tenant will attempt to agree on whether or not the property is usable for its intended purpose. If an agreement cannot be made on the usability then the parties shall each appoint an arbitrator who shall agree on a third arbitrator. The three arbitrators shall form a committee, and the decision of the committee of arbitrators by majority

shall be binding on the parties as to the usability of the Leased Premises. In the further event that the loss cannot be repaired within ninety (90) days of the casualty loss, and the improvements are unusable or untenable for the purposes of the tenant's business, then Tenant may at Tenant's option terminate the lease. In the event that the improvements can be substantially restored within ninety (90) days of the casualty loss then the rent will not be abated after that period of time, and Landlord agrees to substantially restore the premises within said time required. In the event that it will take a greater amount of time than ninety (90) days to restore the premises then Tenant may terminate the lease and all of its further liability under the lease will likewise be terminated. In the event that the lease does not terminate because of casualty loss and the leased premises are usable, rent will be reduced from the date of the casualty loss to the date that the Leased Premises are substantially restored by an amount proportional to the extent that the Leased Premises are damaged. Landlord shall be obligated to utilize the full extent of its insurance to restore the premises.

7. Section 35 entitled "Special Provisions" shall be amended by the addition of the following: Tenant will assume the remaining electricity contract from Landlord and Landlord represents that said contract is not in default as of the date of lease commencement.

8. Right of First Refusal: Tenant shall have the exclusive right to purchase as outlined and described in a Right of First Refusal. A separate agreement evidencing the Right of First Refusal will be attached hereto as Exhibit "A". Exhibit "A" shall be filed of record with a legal description of the property. The Right of First Refusal shall run with the Title to the property until expiration of the lease.

9. Prior to the lease commencement date, Tenant shall be entitled at Tenant's expense to conduct at its option a phase one or a phase two environmental assessment on the property. In the event that the environmental assessment shows the property to be the subject of a hazardous condition or material, then Tenant shall be entitled to terminate this lease agreement, at its option. For purposes of this portion of the lease, a hazardous substance or material shall be defined as a presence of the following materials on the property, radon gas, asbestos, whether friable or nonfriable, urea, formaldehyde insulation, underground storage tanks or leakage of same, benzene, lead-based paint, landfills, the location of a creosol or other corrosive materials plant on the property previous at any time, activity relating to oil or gas and the production of minerals, and other hazardous materials that could be the subject of an action of a governmental entity. Landlord shall within 48 hours of execution hereof provide to Tenant a full set of plans and site plans for the Leased Premises for use in conducting the above studies. The plans will be returned upon completion.

10. During the term of this lease and the Right of First Refusal, Landlord agrees that Landlord shall not encumber the property for more than the $12,000,000. Encumbering the property for a greater sum than the $12,000,000 shall be deemed to be a breach of the lease by Landlord. Tenant and Tenant's option will be entitled at that time to abate the rent at its option and pay said 3100 Edlow Suite 335 Houston, TX 77027 or at such other address as either may specify to the other in writing.

(c) Fee Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(d) Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, successors, and or assigns, to the extent as if specified at length throughout this Agreement.

(e) Time. Time is of the essence of this Agreement.

(f) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(g) Cost of this Agreement. Any cost and/or fees incurred by the Purchaser or Seller in executing this Agreement shall be borne by the respective party incurring such cost and/or fee.

(h) Entire Agreement. This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between Seller and Purchaser and supersedes all prior discussions and agreements whether written or oral between Seller and Purchaser with respect to the Option and all other matters contained hereto and constitutes the sole and entire agreement between Seller and Purchaser with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Purchaser with the formalities hereof.

(i) This agreement or a memorandum regarding same may be filed in the Deed Records of Fort Bend County, Texas as a memorial thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under proper authority:

PURCHASER:
Left Gate Property Holdings, Inc.

By: /s/ Rick Williams
Name: Rick Williams
Title: President

SELLER:

/s/ Robert Archer
Robert Archer

/s/ Jeff Archer
Jeff Archer

/s/ Todd Archer
Todd Archer

/s/ Paul Archer
Paul Archer

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me this 1 day of August, 2009 by Rick Williams in their capacity as President of Left Gate Properties Inc., who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Kimberly M. Garcia

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009 by Robert Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009 by Todd Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009 by Jeff Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009 by Paul Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

EXHIBIT A

1. Description of Land Easements, Rights-of-Ways, Licenses

From First American Title Insurance Company, G.F. No. 00R02042 SJ6, Commitment No. 2-03/08/2000 dated January 31, 2000 and more commonly known as 18.383 acres of land in Houston, Texas, County of Harris at 10400 Southwest Freeway (U.S. Highway 59).

Being Reserves “A”, “C, and D” of a tract of land out of AutoNation USA South, a subdivision and development according to the plat thereof recorded under Slide No. 1542/A of the Plat Records of Fort Bend County, Texas. SAVE AND EXCEPT to that certain 50 feet right-of-way to Tx. D.O.T. along the northwesterly line of Reserve A as reflected by the said plat and as conveyed in instrument filed for record on February 7, 1997, under Fort Bend County Clerk’s File No. 9707075.

TRACT 1

A METES and BOUNDS description of a certain 17.5889 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of the Restrictive Reserve “A”, and all of Restrictive Reserve “D” as recorded in Slide 1542/A of the Fort Bend County Public Records; said 17.5869 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southeast line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk’s File No. 9616974 of the Fort Bend County Official Public Records of Real Property.

BEGINNING at a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at the most southerly corner of a called 1.0535 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk’s File No. 9707075, the most easterly corner of a called 0.5843 acre tract conveyed to State of Texas recorded in Clerk’s File No. 9673456 both of the Fort Bend County Official Public Records of Real Property, said iron rod being in the northeast line of Unrestricted Reserve “A” recorded in Slide No. 1187/B of the Fort Bend County Plat Records, from which a ¾ inch iron rod beam North 78 degrees 24 minutes 18 seconds East, 0.75 feet;

THENCE, North 41 degrees 28 minutes 59 seconds East 843.11 feet along the southeast line of said U.S. Highway 59, to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set in the south line of Nation Drive (60 foot right-of-way) as shown on said Slide No. 1542/A;

THENCE, along the south line of said Nelson Drive the following seven (7) bearings and distances:

1. South 48 degrees 32 minutes 10 seconds East, 193.80 feet to a ¾ inch iron rod found (bent) at a point of curvature beginning a curve to the left;

2. Along the arc of said curve to the left having a radius of 330.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 22.27 feet and a long chord bearing South 50 degrees 27 minutes 49 seconds East, 22.27 feet to a ¾ inch iron road (with cap stamped “Cotton Surveying”) set at a point of tangency;

3. South 52 degrees 24 minutes 11 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the right;

4. Along the arc of said curve to the right having a radius of 1100.00 feet, a central angle of 23 degrees 48 minutes 33 seconds, an arc length of 457.10 feet and a long chord bearing South 40 degrees 20 minutes 54 seconds East, 453.82 feet to a ¾ inch iron road (with cap stamped "Cotton Surveying") as a point of tangency;

5. South 28 degrees 35 minutes 39 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the left;

6. In a southeasterly direction, along the arc of said curve to the left, at an arc length of 398.09 feet passing ¾ inch iron road (with cap stamped "Cotton Surveying") set at the most easterly corner of said "Restricted Reserve "A", being the most northerly corner of said Restricted Reserve "D", in and along the arc of said curve having a radius of 600.00 feet, a central angle of 62 degrees 35 minutes 35 seconds, an arc length of 655.47 feet and a long chord bearing South 59 degrees 53 minutes 27 seconds East 623.36 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of tangency;

7. North 88 degrees 48 minutes 46 seconds East, 132.03 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 01 degrees 11 minutes 14 seconds East 4.99 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set;

THENCE, South 88 degrees 48 minutes 46 seconds West, along the northerly line of a called 6.290 acre tract as recorded in Clerk's File No. 9520064 of the Fort Bend County Official Public Records of Real Property, same being a called 6.2903 acres of Reserve "A3" recorded in Replat of Reserve "A" Parc Plaza Business Park recorded in Slide No. 687/B of the Fort Bend County Plat Records are 408.74 feet passing a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at the most westerly corner of said Restricted Reserve "D" and the most southeasterly corner of said Restricted Reserve "A", at 550.41 feet passing the northwest corner of said 6.290 acres and the most northeasterly corner of a called 10.0853 acre tract recorded in Clerk's File No. 9513449 of the Fort Bend County Official Public Records of Real Property, same being the most northeasterly corner of Restricted Reserve "A" of Southport Business Park Section Two as recorded in Volume 27, Page 20 of the Fort Bend County Plat Records, at 919.70 feet passing a 5/8 inch iron rod found, being the northwesterly corner of said 10.0853 acres and the northwest corner of a called 5.97 acre tract as recorded in Clerk's File No. 9877908 of the Fort Bend County Official Public Records of Real Property, same being the northwesterly corner of Unrestricted Reserve "B" as recorded on Slide No. 1314/A of the Fort Bend County Plat Records, at 1313.31 feet passing the northwesterly corner of said 5.97 acres and the northeasterly corner of a called 18.0218 core tract as recorded in Clerk's File No. 9339353 of the Fort Bend County Official Public Records of Real Property, same being the northeasterly corner of Unrestricted Reserve "A" as described in Partial Replat Stafford Walmart recorded in Slide No. 1254/B of the Fort Bend County Plat Records, in all a total distance of 1419.41 to a 5/8 inch iron rod found;

THENCE, North 48 degrees 31 minutes 13 seconds West, 527.16 feet along the northeast line of said 18.0218 across to the POINT OF BEGINNING, CONTAINING 17.5869 acres of land in Fort Bend County, Texas.

TRACT II

A METES and BOUNDS description of a certain 0.1332 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of Restricted Reserve "C" as recorded in Slide 1542/A of the Fort Bend County Pub. Records; said 0.1332 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southwest line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk's File No. 9616974 of the Fort Bend County Official Public Records of Real Property;

BEGINNING at a 5/8 inch iron rod found at the most easterly corner of a called 1.0585 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk's File No. 9707075, being the most southerly corner of a called 0.4921 acres recorded by Clerk's File No. 9709583 of the Fort Bend County Official Public Records of Real Property, being in the common line of said Restricted Reserve "C" and Brighton Lane Shopping Center as recorded in Slide No. 661/A of the Fort Bend County Plot Records and same being a called 5.2812 acres conveyed to Cycle Shack West, Inc. by Special Warranty Deed with Vendor's Lien recorded in said Clerk's File No. 9709583 of the Fort Bend County Official Public Records of Real Property;

THENCE, South 48 degrees 32 minutes 10 seconds East 527.89 feet along said common end to a 5/8 inch iron rod found in the south corner of said 5.2812 acres;

THENCE, South 41 degrees 27 minutes 50 seconds West 13.23 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of non-tangency in the north line of Nation Drive (60 foot right-of-way) as recorded in said Slide 1542/A.

THENCE, along the north line of said Nation Drive the following four (4) bearings and distance:

1. In a northwesterly direction along the arc of a curve to the left having a length of 1160.00 feet, a control angle of 10 degrees 41 minutes 40 seconds, an arc length of 216.52 feet and a long chord bearing North 47 degrees 03 minutes 21 seconds West 216.20 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of tangency;

2. North 52 degrees 24 minutes 11 seconds West, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the right;

3. Along the arc of said curve to the right having a radius of 270.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 18.22 feet and a long chord bearing North 50 degrees 28 minutes 11 seconds West; 18.22 feet to a ¾ inch iron rod found (bent) at a point of tangency;

4. North 48 degrees 32 minutes 10 seconds West, 193.78 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point in the southeasterly line of said 1.0535 acres;

THENCE, North 41 degrees 28 minutes 59 seconds East, 15.00 feet along said southeast line of said 1.0535 acres to the POINT OF BEGINNING, CONTAINING 0.1332 acres of land in Fort Bend County, Texas.

Permitted Encumbrances

2. As identified in Item 1, Item 2 (limited to "shortages in area"), Item 5 (deleting however "subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership" and adding "Company insures that standby fees taxes and assessments by any taxing authority for the year 2000 are not yet due and payable"), Item 8, and Items 9a through 9j and 9l on Schedule B of the Title Commitment No. 2-03/08/2000 from First American Title Insurance Company dated January 31, 2000.

STATE OF TEXAS

COUNTY OF FORT BEND

RIGHT OF FIRST REFUSAL AGREEMENT FOR PURCHASE OF REAL PROPERTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FORM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THIS RIGHT OF FIRST REFUSAL AGREEMENT ("Agreement") made and entered into this day of August, 2009, by and between Robert Archer, Todd Archer, Jeff Archer, and Paul Archer, whose principal address is 11614 Southwest Fwy Hou TX 77031 , hereinafter referred to as "Seller" (whether one or more) and Left Gate Property Holdings. Inc., whose principal address is _____, hereinafter referred to as "purchaser";

W I T N E S S E T H:

WHEREAS, Seller is the fee simple owner of certain real property being, lying and situated in the County of Harris, State of Texas, such real property ("'Property") and such property being more particularly described as follows; see attached Exhibit "A."

Whereas purchaser has leased the property for a term of years from seller and as a part of the lease payments, said payments a separate consideration for this Right, the receipt sufficiently of which is acknowledged by Seller, Seller grants to Purchaser an exclusive Right for First Refusal to purchase the above described property on the following terms.

1. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) "Execution Date" shall mean the day upon which the last party to this Agreement shall duly execute this Agreement;

(b) "Right of First Refusal" shall mean that period of time commencing on the Execution Date and continuing for the entire term of the lease agreement (August 31, 2019).

(c) "Exercise Date" shall mean that date, within the Term, upon which the Purchaser's shall send its written notice to Seller exercising its Right to Purchase, during which the Right may be exercised;

(d) "Bona Fide Offer" shall mean that genuine offer to purchase the property from any third party which is evidenced by a written contract for the purchase of the property described on the attached Exhibit "A" or any part thereof, executed by all parties and accompanied by consideration.

(e) "Closing Date" shall mean the last day of the closing term or such other date during the closing terms selected by Purchaser.

2. GRANT OF RIGHT OF FIRST REFUSAL. For and in consideration of the Seller as set forth herein leasing of the premise or purchaser, Seller does hereby grant to Purchaser the exclusive Right of First Refusal to purchase the Property upon the terms and conditions as set forth herein. This Right shall be binding on seller during the term hereof and shall inure exclusively to the benefit of purchaser to all assigns. This Right of First Refusal shall be deemed to be a covenant running with the Title to the property.

3. EXERCISE OF RIGHT. Purchaser may exercise its exclusive right to purchase the Property pursuant to the Agreement at any time during the Term, by giving written notice thereof to Seller conditioned on receipt of a Bona Fide offer. Upon receipt of a Bona Fide Offer as hereinabove defined Seller shall forward by certified mail said offer to the address given in the lease for notices. Upon receipt of the copy of the proposed contract, Purchaser shall have a 60 day feasibility period within which time Purchaser shall open title on the property, perform any environmental studies on the property, and perform any other due diligence on the property as contained in the Bona Fide Offer. In said 60 day time period Purchaser shall notify Seller if it wishes to purchase the property described herein on the same terms and conditions as contained in the Bona Fide Offer. The Bona Fide Offer shall as a part of the it's terms include a reference to this Right of First Refusal and shall subject and condition the closing of the Bona Fide Offer on performance of this contract. In the event that Purchaser does not notify Seller of its intent to exercise its Right of First Refusal within 60 days of receipt of certified mail of the Bona Fide Offer then Seller's Right of First Refusal shall terminate. In the event that Purchaser notifies Seller that Purchaser wishes to exercise its Right of First Refusal, then Purchaser shall execute a contract identical in form to the Bona Fide Offer giving Purchaser the additional time as contained in the Bona Fide Offer to close the sale. By way of definition, the parties agree that Purchaser can execute a contract in identical form of the Bona Fide Offer and from the date of tender of the contract with consideration will have the same time and enjoy the same rights and privileges as the Offeror of the Bona Fide Offer from the date of notice of acceptance of the Bona Fide Offer.

(a) Purchase Price. The purchase price for the Property shall be the purchase price as described in the Bona Fide offer.

(b) Closing Date. The closing date shall be that date as provided for in the Bona Fide Offer with the beginning contract date being the date that Purchaser notifies Seller of it's election to purchase under this Right of First Refusal.

(c) Closing Costs. Owner shall pay all costs of transferring the property and guaranteeing title to the property to Purchaser, including but not limited to costs of an updated survey, costs of title policy, and other normal closing costs associated with transferring title and as listed on the standard Texas Association of Realtors Commercial Sales form save and except Purchaser shall be responsible for all Ad Valorem taxes. Purchaser likewise shall pay all closing costs related to the financing of the property and in obtaining approval of financing of the property as listed on the standard Texas Association of Realtors Commercial Property Purchase Form.

(d) Default by Purchaser; Remedies of Seller. In the event Purchaser, after exercise of the Right, fails to proceed with the closing of the purchase of the Property pursuant to the terms and provisions as contained herein and/or under the Contract, Seller shall terminate the Right and shall have no further recourse against Purchaser. Default by purchase shall not terminate or effect either party's rights under the lease agreement;

(e) Default by Seller; Remedies of Purchaser. In the event Seller fails to close the sale of the Property pursuant to the terms and provisions of this Agreement and/or under the Contract, Purchaser shall be entitled to either sue for specific performance of the real estate purchase and sale contract or terminate such Contract and sue for money damages.

4. MISCELLANEOUS.

(a) Execution by Both Parties. This Agreement shall not become effective and binding until fully executed by both Purchaser and Seller.

(b) Notice. All notices, demands and/or consents provided for in this Agreement shall be in writing and shall be delivered to the parties hereto by hand or by United States Mail with postage pre-paid. All such notices and communications shall be addressed to the Seller at 11614 Southwest Fwy, Hou TX 77031 and to Purchaser at 12053 Southwest Freeway Stafford, TX with a copy to 3100 Edloe Suite, 335 Houston, TX 77027 or at such other address as either may specify to the other in writing.

(c) Fee Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(d) Successors and Assigns. This Agreement shall apply to inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, successors, and or assigns, to the extent as if specified at length throughout this Agreement.

(e) Time. Time is of the essence of This Agreement.

(f) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(g) Cost of this Agreement. Any cost and/or fees incurred by the Purchaser or Seller in executing this Agreement shall be done by the respective party incurring such cost and/or fee.

(h) Entire Agreement. This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between Seller and Purchaser and supersedes all prior discussions and agreements whether written or oral between Seller and Purchaser with respect to the Option and all other matters contained herein and constitutes the sole and entire agreement between Seller and Purchaser with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Purchaser with the formalities hereof.

(i) This agreement or a memorandum regarding same may be filed in the Deed Records of Fort Bend County, Texas as a memorial thereof.

IN WITNESS WHEREOF, the parties here to have caused this Agreement to be executed under proper authority.

PURCHASER:
Left Gate Property Holdings, Inc.

By: /s/ Rick Williams
Name: Rick Williams
Title: President

SELLER:

/s/ Robert Archer
Robert Archer

/s/ Jeff Archer
Jeff Archer

/s/ Todd Archer
Todd Archer

/s/ Paul Archer
Paul Archer

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009, by Jeff Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS

COUNTY OF FORT BEND

This instrument was acknowledged before me, this 17 day of August, 2009, by Paul Archer, who was identified to be the person whose name is subscribed hereinabove.

/s/ Doris H. Weekly

Notary Public

EXHIBIT A

1. Description of Land Easements, Rights-of-Ways, Licenses

From First American Title Insurance Company, G.F. No. 00R02042 SJ6, Commitment No. 2-03/08/2000 dated January 31, 2000 and more commonly known as 18.383 acres of land in Houston, Texas, County of Harris at 10400 Southwest Freeway (U.S. Highway 59).

Being Reserves “A”, “C, and D” of a tract of land out of AutoNation USA South, a subdivision and development according to the plat thereof recorded under Slide No. 1542/A of the Plat Records of Fort Bend County, Texas. SAVE AND EXCEPT to that certain 50 feet right-of-way to Tx. D.O.T. along the northwesterly line of Reserve A as reflected by the said plat and as conveyed in instrument filed for record on February 7, 1997, under Fort Bend County Clerk’s File No. 9707075.

TRACT 1

A METES and BOUNDS description of a certain 17.5889 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of the Restrictive Reserve “A”, and all of Restrictive Reserve “D” as recorded in Slide 1542/A of the Fort Bend County Public Records; said 17.5869 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southeast line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk’s File No. 9616974 of the Fort Bend County Official Public Records of Real Property.

BEGINNING at a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at the most southerly corner of a called 1.0535 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk’s File No. 9707075, the most easterly corner of a called 0.5843 acre tract conveyed to State of Texas recorded in Clerk’s File No. 9673456 both of the Fort Bend County Official Public Records of Real Property, said iron rod being in the northeast line of Unrestricted Reserve “A” recorded in Slide No. 1187/B of the Fort Bend County Plat Records, from which a ¾ inch iron rod beam North 78 degrees 24 minutes 18 seconds East, 0.75 feet;

THENCE, North 41 degrees 28 minutes 59 seconds East 843.11 feet along the southeast line of said U.S. Highway 59, to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set in the south line of Nation Drive (60 foot right-of-way) as shown on said Slide No. 1542/A;

THENCE, along the south line of said Nelson Drive the following seven (7) bearings and distances:

1. South 48 degrees 32 minutes 10 seconds East, 193.80 feet to a ¾ inch iron rod found (bent) at a point of curvature beginning a curve to the left;

2. Along the arc of said curve to the left having a radius of 330.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 22.27 feet and a long chord bearing South 50 degrees 27 minutes 49 seconds East, 22.27 feet to a ¾ inch iron road (with cap stamped "Cotton Surveying") set at a point of tangency;

3. South 52 degrees 24 minutes 11 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the right;

4. Along the arc of said curve to the right having a radius of 1100.00 feet, a central angle of 23 degrees 48 minutes 33 seconds, an arc length of 457.10 feet and a long chord bearing South 40 degrees 20 minutes 54 seconds East, 453.82 feet to a ¾ inch iron road (with cap stamped "Cotton Surveying") as a point of tangency;

5. South 28 degrees 35 minutes 39 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the left;

6. In a southeasterly direction, along the arc of said curve to the left, at an arc length of 398.09 feet passing ¾ inch iron road (with cap stamped "Cotton Surveying") set at the most easterly corner of said "Restricted Reserve "A", being the most northerly corner of said Restricted Reserve "D", in and along the arc of said curve having a radius of 600.00 feet, a central angle of 62 degrees 35 minutes 35 seconds, an arc length of 655.47 feet and a long chord bearing South 59 degrees 53 minutes 27 seconds East 623.36 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of tangency;

7. North 88 degrees 48 minutes 46 seconds East, 132.03 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 01 degrees 11 minutes 14 seconds East 4.99 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set;

THENCE, South 88 degrees 48 minutes 46 seconds West, along the northerly line of a called 6.290 acre tract as recorded in Clerk's File No. 9520064 of the Fort Bend County Official Public Records of Real Property, same being a called 6.2903 acres of Reserve "A3" recorded in Replat of Reserve "A" Parc Plaza Business Park recorded in Slide No. 687/B of the Fort Bend County Plat Records are 408.74 feet passing a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at the most westerly corner of said Restricted Reserve "D" and the most southeasterly corner of said Restricted Reserve "A", at 550.41 feet passing the northwest corner of said 6.290 acres and the most northeasterly corner of a called 10.0853 acre tract recorded in Clerk's File No. 9513449 of the Fort Bend County Official Public Records of Real Property, same being the most northeasterly corner of Restricted Reserve "A" of Southport Business Park Section Two as recorded in Volume 27, Page 20 of the Fort Bend County Plat Records, at 919.70 feet passing a 5/8 inch iron rod found, being the northwesterly corner of said 10.0853 acres and the northwest corner of a called 5.97 acre tract as recorded in Clerk's File No. 9877908 of the Fort Bend County Official Public Records of Real Property, same being the northwesterly corner of Unrestricted Reserve "B" as recorded on Slide No. 1314/A of the Fort Bend County Plat Records, at 1313.31 feet passing the northwesterly corner of said 5.97 acres and the northeasterly corner of a called 18.0218 core tract as recorded in Clerk's File No. 9339353 of the Fort Bend County

Official Public Records of Real Property, same being the northeasterly corner of Unrestricted Reserve "A" as described in Partial Replat Stafford Walmart recorded in Slide No. 1254/B of the Fort Bend County Plat Records, in all a total distance of 1419.41 to a 5/8 inch iron rod found;

THENCE, North 48 degrees 31 minutes 13 seconds West, 527.16 feet along the northeast line of said 18.0218 across to the POINT OF BEGINNING, CONTAINING 17.5869 acres of land in Fort Bend County, Texas.

TRACT II

A METES and BOUNDS description of a certain 0.1332 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of Restricted Reserve "C" as recorded in Slide 1542/A of the Fort Bend County Pub. Records; said 0.1332 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southwest line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk's File No. 9616974 of the Fort Bend County Official Public Records of Real Property;

BEGINNING at a 5/8 inch iron rod found at the most easterly corner of a called 1.0585 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk's File No. 9707075, being the most southerly corner of a called 0.4921 acres recorded by Clerk's File No. 9709583 of the Fort Bend County Official Public Records of Real Property, being in the common line of said Restricted Reserve "C" and Brighton Lane Shopping Center as recorded in Slide No. 661/A of the Fort Bend County Plot Records and same being a called 5.2812 acres conveyed to Cycle Shack West, Inc. by Special Warranty Deed with Vendor's Lien recorded in said Clerk's File No. 9709583 of the Fort Bend County Official Public Records of Real Property;

THENCE, South 48 degrees 32 minutes 10 seconds East 527.89 feet along said common end to a 5/8 inch iron rod found in the south corner of said 5.2812 acres;

THENCE, South 41 degrees 27 minutes 50 seconds West 13.23 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of non-tangency in the north line of Nation Drive (60 foot right-of-way) as recorded in said Slide 1542/A.

THENCE, along the north line of said Nation Drive the following four (4) bearings and distance:

1. In a northwesterly direction along the arc of a curve to the left having a length of 1160.00 feet, a control angle of 10 degrees 41 minutes 40 seconds, an arc length of 216.52 feet and a long chord bearing North 47 degrees 03 minutes 21 seconds West 216.20 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of tangency;

2. North 52 degrees 24 minutes 11 seconds West, 100.00 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point of curvature beginning a curve to the right;

3. Along the arc of said curve to the right having a radius of 270.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 18.22 feet and a long chord bearing North 50 degrees 28 minutes 11 seconds West; 18.22 feet to a ¾ inch iron rod found (bent) at a point of tangency;

4. North 48 degrees 32 minutes 10 seconds West, 193.78 feet to a ¾ inch iron rod (with cap stamped "Cotton Surveying") set at a point in the southeasterly line of said 1.0535 acres;

THENCE, North 41 degrees 28 minutes 59 seconds East, 15.00 feet along said southeast line of said 1.0535 acres to the POINT OF BEGINNING, CONTAINING 0.1332 acres of land in Fort Bend County, Texas.

Permitted Encumbrances

2. As identified in Item 1, Item 2 (limited to "shortages in area"), Item 5 (deleting however "subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership" and adding "Company insures that standby fees taxes and assessments by any taxing authority for the year 2000 are not yet due and payable"), Item 8, and Items 9a through 9j and 9l on Schedule B of the Title Commitment No. 2-03/08/2000 from First American Title Insurance Company dated January 31, 2000.

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL LEASE GUARANTY

GUARANTY TO COMMERCIAL LEASE CONCERNING THE LEASED PREMISES AT 12053 Southwest Freeway, Houston, between Robert P. Archer, ETAL (Landlord) and Texas Direct Auto (Tenant).

A. In consideration for Landlord leasing the leased premises to Tenant, the undersigned Guarantor (whether one or more) guarantee Tenant's performance under the above-referenced lease.

B. If Tenant fails to timely make any payment under the lease, Guarantor will promptly make such payment to Landlord at the place of payment specified in the lease. Guarantor is also responsible for any property damage to the leased premises or Property (as defined in the lease) for which Tenant is responsible under the lease. If Tenant breaches the lease, Guarantor will: (i) cure the breach as may be required of Tenant by the lease; or (ii) compensate Landlord for Landlord's loss resulting from the breach.

C. Guarantor guarantees Tenant's obligations under the lease regardless of any modification, amendment, renewal, extension, or breach of the lease. Guarantor waives any rights to notices of acceptance, modification, amendment, extension, or breach of the lease. All Guarantors are jointly and severally liable for all provisions of this guaranty. Filing for bankruptcy by Tenant will not diminish Guarantor's obligations under this guaranty.

D. The laws of the State of Texas govern the interpretation, validity, performance, and enforcement of this guaranty. Any person who is a prevailing party in any legal proceeding brought under or related to this guaranty is entitled to recover attorney's fees from the nonprevailing party.

E. Guarantors authorize Landlord to obtain a copy of any consumer or credit report of Guarantors from any consumer reporting agency and to verify relevant information related to Guarantors' creditworthiness from other persons such as banks, creditors, employers, existing and previous landlords, and other persons.

F. Special Provisions:

This guaranty shall expire on August 31, 2009 and shall be void for all purposes. This guaranty shall be limited to one year base rent under the lease.

/s/ Rick Williams	08/10/2009		
Guarantor's Signature	Date	Guarantor's Signature	Date
Rick Williams			
Guarantor's Name Printed		Guarantor's Name Printed	
12053 Southwest Freeway Houston, Texas 77477			
Guarantor's Address		Guarantor's Address	

(713) 545-1906

Phone SS# or Tax ID# Phone SS# or Tax ID#

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL LEASE ADDENDUM FOR BROKER'S FEE

ADDENDUM TO THE COMMERCIAL LEASE BETWEEN THE UNDERSIGNED LANDLORD AND TENANT CONCERNING THE LEASED PREMISES AT 12053 Southwest Freeway, Houston, _____

A. Leasing Fees: All leasing fees are earned when the above referenced lease is executed.

(1) Robert P. Archer _____ will pay Principal Broker a leasing fee calculated and payable as follows:

☐ (a) % of all base rents to be paid for the term of the lease and the same percentage of the expense reimbursements state or estimated in the least, payable as follows: one-half of such amount at the time Landlord and Tenant execute the lease and the remainder on the date the lease commences.

☒ (b) 3.000 % of all base month rents to be paid for the term of the lease and the same percentage of the expense reimbursements states or estimated in the least, payable as follows: Commission to be paid on a monthly bases to coincide with the lease for the term of the lease with any options _____.

☐ (c) _____.

(2) N/A _____ will pay Cooperating Broker a leasing fee calculated and payable as follows:

☐ (a) % of all base rents to be paid for the term of the lease and the same percentage of the expense reimbursements stated or estimated in the lease, payable as follows: one-half of such amount at the time Landlord and Tenant execute the lease and the remainder on the date the lease commences.

☐ (b) % of all base monthly rents to be paid for the term of the lease and the same percentage of the expense reimbursements stated or estimated in the lease, payable as follows: _____.

☐ (c) _____.

B. Renewal and Expansion Fees: If Landlord and Tenant subsequently extend, renew, or expand the lease, including a new lease for more, less, or different space in the Property or in any other property owned, controlled, or managed by Landlord, the brokers will be paid the fees set forth below. The fees will be earned and payable when the extension, renewal, expansion or new lease is executed or commences, whichever is earlier.

(1) Robert P. Archer _____ will pay Principal Broker a renewal fee of:

☒ (a) 3.000 % of all base monthly rents to be paid for the term of the extension, renewal, expansion or new lease and the same percentage of the expense reimbursements stated or estimated in the lease, governing the extension, renewal, expansion, or new lease.

☐ (b) _____.
_____.

(2) N/A will pay Principal Broker a renewal fee of:

☐ (a) _____% of all base monthly rents to be paid for the term of the extension, renewal, expansion, or new lease and the same percentage of the expense reimbursements stated or estimated in the lease governing the extension, renewal, expansion, or new lease.

☐ (b) _____.

_____.

C. Fees in the Event of a Sale: If, during any time the lease is in effect or during any time Tenant occupies the leased premises, including any extension, renewal, or expansion, Tenant agrees to purchase the leased premises or Property by oral or written agreement or option, brokers will be paid the additional fees set forth below. The additional fees will be earned at the time Landlord and Tenant enter into an agreement for the sale, purchase, or option for the leased premises or Property, and are payable at the time the sale or purchase closes.

(1) Robert P. Archer will pay Principal Broker a renewal fee of:

☒ (a) 3.000 % of the sales price for the purchase.

☐ (b) _____.

_____.

(2) N/A will pay Cooperating Broker an additional fee of:

☐ (a) _____% of the sales price for the purchase.

☐ (b) _____.

_____.

D. County: All fees under this addendum are payable in Harris County, Texas.

E. Attorney's Fees: If Landlord, Tenant, or any broker is a prevailing party in any legal proceeding brought as a result of a dispute under this addendum or any transaction related to or contemplated by this addendum, such party will be entitled to recover from the non-prevailing parties all costs of such proceeding, prejudgment interest, and reasonable attorney's fees.

F. Special Provisions:

In the case of sale Brokerage fees shall be paid by seller at closing. Purchaser shall have no liability or obligations regarding brokerage fees.

Texas Direct Auto	Robert P. Archer, ETAL
Tenant	Landlord
By: /s/ Rick Williams 08/10/2009	By: /s/ Robert P. Archer 08/10/2009
Rick Williams Date	Robert P. Archer Date
Tenant	Landlord
By:	By:
Cooperating Broker	Principal Broker
By Date	By Date

TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL PROPERTY CONDITION STATEMENT

CONCERNING THE PROPERTY AT: 12053 Southwest Freeway, Houston, Texas 77477 THIS IS A DISCLOSURE OF THE SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED. IT IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES A BUYER OR TENANT MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER, SELLER'S AGENTS, OR ANY OTHER AGENT.

PART 1—Complete if Property is Improved or Unimproved

Are you (Seller) aware of:	Aware	Not Aware
(1) any of the following environmental conditions on or affecting the Property:		
(a) radon gas?	☐	☒
(b) asbestos components:		
(i) friable components?	☐	☒
(ii) non-friable components?	☐	☒
(c) urea-formaldehyde insulation?	☐	☒
(d) endangered species of their habitat?	☐	☒
(e) wetlands?	☐	☒
(f) underground storage tanks?	☐	☒
(g) leaks in any storage tanks (underground or above-ground)?	☐	☒
(h) lead-based paint?	☐	☒
(i) hazardous materials or toxic waste?	☐	☒
(j) open or closed landfills on or under the surface of the Property?	☐	☒
(k) external conditions materially and adversely affecting the Property such as nearby landfills, smelting plants, burners, storage facilities of toxic or hazardous materials, refiners, utility transmission lines, mills, feed lots, and the like?	☐	☒
(l) any activity relating to drilling or excavation sites for oil, gas, or other minerals?	☐	☒
(2) previous environmental contamination that was on or that materially and adversely affected the Property, including but not limited to previous environmental conditions listed in Paragraph 1(a)-(l)?	☐	☒
(3) any part of the Property lying in a special flood hazard area (A or V Zone)?	☐	☒
(4) any improper drainage onto or away from the Property?	☐	☒
(5) any fault line or near the Property that materially and adversely affects the Property?	☐	☒
(6) outstanding mineral rights, exceptions, or reservations of the Property held by others?	☐	☒
(7) air space restrictions or easements on or affecting the Property?	☐	☒
(8) unrecorded or unplatted agreements for easements, utilities, or access on or to the Property?	☐	☒

Are you (Seller) aware of:	Aware	Not Aware
(9) special districts in which the Property lies (for example, historical districts, development districts, extraterritorial jurisdictions, or others)?	☐	☒
(10) pending changes in zoning, restrictions, or in physical use of the Property?	☐	☒
(11) your receipt of any notice concerning any likely condemnation, planned streets, highways, railroads, or developments that would materially and adversely affect the Property (including access or visibility)?	☐	☒
(12) lawsuits affecting title to or use or enjoyment of the Property?	☐	☒
(13) your receipt of any written notices of violations of zoning, deed restrictions, or government regulations from EPA, OSHA, TCEQ, or other government agencies?	☐	☒
(14) common areas of facilities affiliated with the Property co-owned with others?	☐	☒
(15) an owners' or tenants' association or maintenance fee or assessment affecting the Property?	☐	☒
If aware, name of association: _____		
Name of manager: _____		
Amount of fee or assessment: $ per _____		
Are fees current through the date of this notice? ☐ yes ☐ no ☐ unknown		
(16) subsurface structures, hydraulic lifts, or pits on the Property?	☐	☒
(17) intermittent or weather springs that affect the Property?	☐	☒
(18) any material defect in any irrigation system, fences, or signs on the Property?	☐	☒
(19) conditions on or affecting the Property that materially affect the health or safety of an ordinary individual?	☐	☒

If you are aware of any of the conditions listed above, explain. (*Attach additional information if needed.*)

_____

_____

_____

_____

_____

_____.

PART 2—Complete only if Property is Improved

A. Are you (Seller) aware of any material defects in any of the following on the Property?

(1) Structural Items:	Aware	Not Aware	Not Appl.
(a) foundation systems (slabs, columns, trusses, bracing, crawl spaces, piers, beams, footings, retaining walls, basement, grading)?	☐	☒	☐
(b) exterior walls?	☐	☒	☐
(c) fireplaces and chimneys?	☐	☐	☒
(d) roof, roof structure, or attic (covering, flashing, skylights, insulation, roof penetrations, ventilation, gutters and downspouts, decking)?	☐	☒	☐
(e) windows, doors, plate glass, or canopies?	☐	☒	☐

	Aware	Not Aware	Not Appl.
(2) Plumbing Systems:			
(a) water heaters or water softeners?	☐	☒	☐
(b) supply or drain lines?	☐	☒	☐
(c) faucets, fixtures, or commodes?	☐	☒	☐
(d) private sewage systems?	☐	☒	☐
(e) pools or spas and equipments?	☐	☒	☐
(f) sprinkler systems?	☐	☒	☐
(g) water coolers?	☐	☒	☐
(h) private water wells?	☐	☐	☒
(i) pumps or sump pumps?	☐	☒	☐
(3) HVAC Systems: any cooling, heating, or ventilation systems?	☐	☒	☐
(4) Electrical Systems: service drops, wiring, connections, conductors, plugs, grounds, power, polarity, switches, light fixtures, or junction boxes?	☐	☒	☐
(5) Other Systems or Items:			
(a) security or fire detection systems?	☐	☒	☐
(b) porches or decks?	☐	☒	☐
(c) gas lines?	☐	☒	☐
(d) garage doors and door operators?	☐	☒	☐
(e) loading doors or docks?	☐	☒	☐
(f) rails or overhead cranes?	☐	☒	☐
(g) elevators or escalators?	☐	☒	☐
(h) parking areas, drives, steps, walkways?	☐	☒	☐
(i) appliances or built-in kitchen equipment?	☐	☒	☐

If you are aware of material defects in any of the items listed under Paragraph A, explain. (*Attach additional information if needed.*)

.

B. Are you (Seller) aware of:

	Aware	Not Aware
(1) any of the following environmental conditions on or affecting the Property:		
(a) ground water?	☐	☒
(b) water penetration?	☐	☒
(c) previous flooding or water drainage?	☐	☒
(d) soil erosion or water ponding?	☐	☒
(2) previous structural repair to the foundation systems on the Property?	☐	☒
(3) settling or soil movement materially and adversely affecting the Property?	☐	☒
(4) pest infestation from rodents, insects, or other organisms on the Property?	☐	☒

	Aware	Not Aware
(5) termite or wood rot damage on the Property needing repair?	☐	☒
(6) mold to the extent that it materially and adversely affects the Property?	☐	☒
(7) mold remediation certificate issued for the Property in the previous 5 years? (if yes, attach a copy of the mold remediation certificate.)	☐	☒
(8) previous termite treatment on the Property?	☐	☒
(9) previous fires that materially affected the Property?	☐	☒
(10) modifications made to the Property without necessary permits or not in compliance with building codes in effect at the time?	☐	☒
(11) any part, system, or component in or on the Property not in compliance with the Americans with Disabilities Act or the Texas Architectural Barrier Statute?	☐	☒

If you are aware of any conditions described under Paragraph B, explain. (*Attach additional information if needed.*)

.

Landlord: /s/ Robert P. Archer Date: 8/17/09
Robert P. Archer, ETAL

Seller: _____ Date: _____

The undersigned acknowledges receipt of the foregoing statement.

Buyer or Tenant: /s/ Rick Williams Date: 8/17/09
Texas Direct Auto

Buyer or Tenant: Rick Williams Date: _____

NOTICE TO BUYER OR TENANT: The broker representing Seller and the broker representing you advise you that this statement was completed by Seller, as of the date signed. The brokers have relied on this statement as true and correct and have no reason to believe it to be false or inaccurate. YOU ARE ENCOURAGED TO HAVE AN INSPECTOR OF YOUR CHOICE INSPECT THE PROPERTY.

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

RIGHT OF FIRST REFUSAL AGREEMENT FOR PURCHASE OF REAL PROPERTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THIS RIGHT OF FIRST REFUSAL AGREEMENT ("Agreement") made and entered into this __ day of August, 2009, by and between Robert Archer, Todd Archer, Jeff Archer and Paul Archer, whose principal address is 11614 Southwest Fwy, Hou TX 77031, hereinafter referred to as "Seller" (whether one or more) and Left Gate Property Holdings, Inc., whose principal address is _____, hereinafter referred to as "Purchaser".

W I T N E S S E T H:

WHEREAS, Seller is the fee simple owner of certain real property being, lying and situated in the County of Harris, State of Texas, such real property ("Property") and such property being more particularly described as follows: see attached Exhibit "A."

Whereas purchaser has leased the property for a term of years from seller and as a part of the lease payments, said payments a separate consideration for this Right, the receipt sufficiently of which is acknowledged by Seller, Seller grants to Purchaser an exclusive Right of First Refusal to purchase the above described property on the following terms.

1. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) "Execution Date" shall mean the day upon which the last party to this Agreement shall duly execute this Agreement;

(b) "Right of First Refusal" shall mean that period of time commencing on the Execution Date and continuing for the entire term of the lease agreement (August 31, 2019).

(c) "Exercise Date" shall mean that date, within the Term, upon which the Purchaser shall send its written notice to Seller exercising its Right to Purchase, during which the Right may be exercised;

(d) "Bona Fide Offer' shall mean that genuine offer to purchase the property from any third party which is evidenced by a written contract for the purchase of the property described on the attached Exhibit "A" or any part thereof, executed by all parties and accompanied by consideration.

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

(e) “Closing Date” shall mean the last day of the closing term or such other date during the closing term selected by Purchaser.

2. GRANT OR RIGHT OF FIRST REFUSAL. For and in consideration of the Seller as set forth herein leasing of the premise to purchaser, Seller does hereby grant to Purchaser the exclusive Right of First Refusal to purchase the Property upon the terms and conditions as set forth herein. This Right shall be binding on seller during the term hereof and shall inure exclusively to the benefit of purchaser or its assigns. This Right of First Refusal shall be deemed to be a covenant running with the Title to the property.

3. EXERCISE OF RIGHT. Purchaser may exercise its exclusive right to purchase the Property pursuant to the Agreement at any time during the Term, by giving written notice thereof to Seller conditioned on receipt of a Bona Fide offer. Upon receipt of a Bona Fide Offer as hereinabove defined Seller shall forward by certified mail said offer to the address given in the lease for notices. Upon receipt of the copy of the proposed contract, Purchaser shall have a 60 day feasibility period within which time Purchaser shall open Title on the property, perform any environmental studies on the property, and perform any other due diligence on the property as contained in the Bona Fide Offer. In said 60 day time period Purchaser shall notify Seller if it wishes to purchase the property described herein on the same terms and conditions as contained in the Bona fide Offer. The Bona fide Offer shall as a party of its terms include a reference to this Right of First Refusal and shall subject and condition the closing of the Bona Fide Offer on performance of this contract. In the event that Purchaser does not notify Seller of its intent to exercise its Right of First Refusal within 60 days of receipt of certified mail of the Bona Fide Offer then Seller’s Right of First Refusal shall terminate. In the event that Purchase notifies Seller that Purchaser wishes to exercise its Right of First Refusal, then Purchaser shall execute a contract identical in the form to the Bona Fide Offer giving Purchaser the additional time as contained in the Bona Fide Offer to close the sale. By way of definition, the parties agree that Purchaser can execute a contract in identical form of the Bona Fide Offer and from the date of tender of the contract with consideration will have the same time and enjoy the same rights and privileges as the Offeror of the Bona Fide Offer from the date of notice of acceptance of the Bona Fide Offer.

(a) Purchase Price. The purchase price for the Property shall be the purchase price as described in the Bona Fide offer.

(b) Closing Date. The closing date shall be that date as provided for in the Bona Fide Offer with the beginning contract date being the date that Purchaser notifies Seller of its election to purchase under this Right of First Refusal.

(c) Closing Costs. Owner shall pay all costs of transferring the property and guaranteeing title to the property to Purchaser, including but not limited to costs of an updated survey, costs of the title policy, and other normal closing costs associated with transferring title and as listed on the standard Texas Association of Realtors Commercial Sales form save and except Purchaser shall be responsible for all Ad Valorem taxes Purchaser likewise shall pay all closing costs related to the financing of the property and in obtaining approval of financing of the property as listed on the standard Texas Association of Realtors Commercial Property Purchase Form.

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

(d) Default by Purchaser; Remedies of Seller. In the event Purchaser, after exercise of the Right, fails to proceed with the closing of the purchase of the Property pursuant to the terms and provisions as contained herein and/or under the Contract, Seller shall terminate the Right and shall have no further recourse against Purchaser. Default by purchase shall not terminate or effect either party's rights under the lease agreement;

(e) Default by Seller; Remedies of Purchaser. In the event Seller fails to close the sale of the Property pursuant to the terms and provisions of this Agreement and/or under the Contract, Purchaser shall be entitled to either sue for specific performance of the real estate purchase and sale contract or terminate such Contract and sue for money damages.

4. MISCELLANEOUS.

(a) Execution by Both Parties. This Agreement shall not become effective and binding until fully executed by both Purchaser and Seller.

(b) Notice. All notices, demands, and/or consents provided for in this Agreement shall be in writing and shall be delivered to the parties hereto by hand or by United States Mail with postage pre-paid. Such notices shall be deemed to have been served on the date mailed, postage pre-paid. All such notices and communications shall be addressed to the Seller at 11614 Southwest Fwy, Hou TX 77031 and to Purchaser at 12053 Southwest Freeway Stafford, TX with a copy to 3100 Edloe Suite 335 Houston, TX 77027 or at such other address as either may specify to the other in writing.

(c) Fee Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

(d) Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, successors, and or assigns, to the extent as if specified at length throughout this Agreement.

(e) Time. Time is of the essence of this Agreement.

(f) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(g) Cost of this Agreement. Any cost and/or fees incurred by the Purchaser or Seller in executing this Agreement shall be borne by the respective party incurring such cost and/or fee.

(h) Entire Agreement. This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between Seller and Purchaser and supersedes all prior discussions and agreements whether written or oral between Seller and Purchaser with respect to the Option and all other matters contained herein and constitutes the sole and entire agreement between Seller and Purchaser with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Purchaser with the formalities hereof.

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

(i) This agreement or a memorandum regarding same may be filed in the Deed Records of Fort Bend County, Texas as a memorial thereof.

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

IN WITNESS WHEREOF, the parties here to have caused this Agreement to be executed under proper authority.

PURCHASER:
Left Gate Property Holdings, Inc.

By: /s/ Rick Williams
Name: Rick Williams
Title: President

SELLER:

/s/ Robert Archer
Robert Archer

/s/ Jeff Archer
Jeff Archer

/s/ Todd Archer
Todd Archer

/s/ Paul Archer
Paul Archer

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

This instrument was acknowledged before me, this 17 day of August , 2009, by Rick Williams in their capacity as President of Left Gate Properties Inc., who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Kimberly M. Garcia

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

This instrument was acknowledged before me, this 17 day of August , 2009, by Robert Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

This instrument was acknowledged before me, this 17 day of August , 2009, by Todd Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

This instrument was acknowledged before me, this 17 day of August , 2009, by Jeff Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

This instrument was acknowledged before me, this 17 day of August , 2009, by Paul Archer, who was identified to be the person whose name is subscribed hereinabove.

Notary Public /s/ Doris H. Weekly

Initialed for Identification by Tenant: RW, and Landlord: RPA, TA, JA, PA

EXHIBIT A

1. Description of Land Easements, Rights-of-Ways, Licenses

From First American Title Insurance Company, G.F. No. 00R02042 SJ6, Commitment No. 2-03/08/2000 dated January 31, 2000 and more commonly known as 18.383 acres of land in Houston, Texas, County of Harris at 10400 Southwest Freeway (U.S. Highway 59).

Being Reserves “A”, “C, and D” of a tract of land out of AutoNation USA South, a subdivision and development according to the plat thereof recorded under Slide No. 1542/A of the Plat Records of Fort Bend County, Texas. SAVE AND EXCEPT to that certain 50 feet right-of-way to Tx. D.O.T. along the northwesterly line of Reserve A as reflected by the said plat and as conveyed in instrument filed for record on February 7, 1997, under Fort Bend County Clerk’s File No. 9707075.

TRACT 1

A METES and BOUNDS description of a certain 17.5889 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of the Restrictive Reserve “A”, and all of Restrictive Reserve “D” as recorded in Slide 1542/A of the Fort Bend County Public Records; said 17.5869 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southeast line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk’s File No. 9616974 of the Fort Bend County Official Public Records of Real Property.

BEGINNING at a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at the most southerly corner of a called 1.0535 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk’s File No. 9707075, the most easterly corner of a called 0.5843 acre tract conveyed to State of Texas recorded in Clerk’s File No. 9673456 both of the Fort Bend County Official Public Records of Real Property, said iron rod being in the northeast line of Unrestricted Reserve “A” recorded in Slide No. 1187/B of the Fort Bend County Plat Records, from which a ¾ inch iron rod beam North 78 degrees 24 minutes 18 seconds East, 0.75 feet;

THENCE, North 41 degrees 28 minutes 59 seconds East 843.11 feet along the southeast line of said U.S. Highway 69, to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set in the south line of Nation Drive (60 foot right-of-way) as shown on said Slide No. 1542/A;

THENCE, along the south line of said Nelson Drive the following seven (7) bearings and distances:

1. South 48 degrees 32 minutes 10 seconds East, 193.80 feet to a ¾ inch iron rod found (bent) at a point of curvature beginning a curve to the left;

2. Along the arc of said curve to the left having a radius of 330.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 22.27 feet and a long chord bearing South 50 degrees 27 minutes 49 seconds East, 22.27 feet to a ¾ inch iron road (with cap stamped “Cotton Surveying”) set at a point of tangency;

3. South 52 degrees 24 minutes 11 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of curvature beginning a curve to the right;

4. Along the arc of said curve to the right having a radius of 1100.00 feet, a central angle of 23 degrees 48 minutes 33 seconds, an arc length of 457.10 feet and a long chord bearing South 40 degrees 20 minutes 54 seconds East, 453.82 feet to a ¾ inch iron road (with cap stamped “Cotton Surveying”) as a point of tangency;

5. South 28 degrees 35 minutes 39 seconds East, 100.00 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of curvature beginning a curve to the left;

6. In a southeasterly direction, along the arc of said curve to the left, at an arc length of 398.09 feet passing ¾ inch iron road (with cap stamped “Cotton Surveying”) set at the most easterly corner of said “Restricted Reserve “A”, being the most northerly corner of said Restricted Reserve “D”, in and along the arc of said curve having a radius of 600.00 feet, a central angle of 62 degrees 35 minutes 35 seconds, an arc length of 655.47 feet and a long chord bearing South 59 degrees 53 minutes 27 seconds East 623.36 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of tangency;

7. North 88 degrees 48 minutes 46 seconds East, 132.03 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”);

THENCE, South 01 degrees 11 minutes 14 seconds East 4.99 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set;

THENCE, South 88 degrees 48 minutes 46 seconds West, along the northerly line of a called 6.290 acre tract as recorded in Clerk’s File No. 9520064 of the Fort Bend County Official Public Records of Real Property, same being a called 6.2903 acres of Reserve “A3” recorded in Replat of Reserve “A” Parc Plaza Business Park recorded in Slide No. 687/B of the Fort Bend County Plat Records are 408.74 feet passing a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at the most westerly corner of said Restricted Reserve “D” and the most southeasterly corner of said Restricted Reserve “A”, at 550.41 feet passing the northwest corner of said 6.290 acres and the most northeasterly corner of a called 10.0853 acre tract recorded in Clerk’s File No. 9513449 of the Fort Bend County Official Public Records of Real Property, same being the most northeasterly corner of Restricted Reserve “A” of Southport Business Park Section Two as recorded in Volume 27, Page 20 of the Fort Bend County Plat Records, at 919.70 feet passing a 5/8 inch iron rod found, being the northwesterly corner of said 10.0853 acres and the northwest corner of a called 5.97 acre tract as recorded in Clerk’s File No. 9877908 of the Fort Bend County Official Public Records of Real Property, same being the northwesterly corner of Unrestricted Reserve “B” as recorded on Slide No. 1314/A of the Fort Bend County Plat Records, at 1313.31 feet passing the northwesterly corner of said 5.97 acres and the northeasterly corner of a called 18.0218 core tract as recorded in Clerk’s File No. 9339353 of the Fort Bend County

Official Public Records of Real Property, same being the northeasterly corner of Unrestricted Reserve “A” as described in Partial Replat Stafford Walmart recorded in Slide No. 1254/B of the Fort Bend County Plat Records, in all a total distance of 1419.41 to a 5/8 inch iron rod found;

THENCE, North 48 degrees 31 minutes 13 seconds West, 527.16 feet along the northeast line of said 18.0218 across to the POINT OF BEGINNING, CONTAINING 17.5869 acres of land in Fort Bend County, Texas.

TRACT II

A METES and BOUNDS description of a certain 0.1332 acre tract of land situated in the James Alston Survey, Abstract No. 101, Fort Bend County, Texas; being a portion of Restricted Reserve “C” as recorded in Slide 1542/A of the Fort Bend County Pub. Records; said 0.1332 acres being more particularly described as follows with all bearings being based on a call of North 41 degrees 28 minutes 59 seconds East, along the southwest line of U.S. Highway 59 as referenced in a called 37.3851 acre tract by Special Warranty Deed recorded under Clerk’s File No. 9616974 of the Fort Bend County Official Public Records of Real Property;

BEGINNING at a 5/8 inch iron rod found at the most easterly corner of a called 1.0585 acre tract of land conveyed to the State of Texas by Deed recorded under Clerk’s File No. 9707075, being the most southerly corner of a called 0.4921 acres recorded by Clerk’s File No. 9709583 of the Fort Bend County Official Public Records of Real Property, being in the common line of said Restricted Reserve “C” and Brighton Lane Shopping Center as recorded in Slide No. 661/A of the Fort Bend County Plot Records and same being a called 5.2812 acres conveyed to Cycle Shack West, Inc. by Special Warranty Deed with Vendor’s Lien recorded in said Clerk’s File No. 9709583 of the Fort Bend County Official Public Records of Real Property;

THENCE, South 48 degrees 32 minutes 10 seconds East 527.89 feet along said common end to a 5/8 inch iron rod found in the south corner of said 5.2812 acres;

THENCE, South 41 degrees 27 minutes 50 seconds West 13.23 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of non-tangency in the north line of Nation Drive (60 foot right-of-way) as recorded in said Slide 1542/A.

THENCE, along the north line of said Nation Drive the following four (4) bearings and distance:

1. In a northwesterly direction along the arc of a curve to the left having a length of 1160.00 feet, a control angle of 10 degrees 41 minutes 40 seconds, an arc length of 216.52 feet and a long chord bearing North 47 degrees 03 minutes 21 seconds West 216.20 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of tangency;

2. North 52 degrees 24 minutes 11 seconds West, 100.00 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point of curvature beginning a curve to the right;

3. Along the arc of said curve to the right having a radius of 270.00 feet, a central angle of 03 degrees 52 minutes 02 seconds, an arc length of 18.22 feet and a long chord bearing North 50 degrees 28 minutes 11 seconds West; 18.22 feet to a ¾ inch iron rod found (bent) at a point of tangency;

4. North 48 degrees 32 minutes 10 seconds West, 193.78 feet to a ¾ inch iron rod (with cap stamped “Cotton Surveying”) set at a point in the southeasterly line of said 1.0535 acres;

THENCE, North 41 degrees 28 minutes 59 seconds East, 15.00 feet along said southeast line of said 1.0535 acres to the POINT OF BEGINNING, CONTAINING 0.1332 acres of land in Fort Bend County, Texas.

Permitted Encumbrances

2. As identified in Item 1, Item 2 (limited to “shortages in area”), Item 5 (deleting however “subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership” and adding “Company insures that standby fees taxes and assessments by any taxing authority for the year 2000 are not yet due and payable”), Item 8, and Items 9a through 9j and 9l on Schedule B of the Title Commitment No. 2-03/08/2000 from First American Title Insurance Company dated January 31, 2000.

Exhibit 10.7

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into this 21 day of May, 2011, by and between Beechnut FEC LLC, hereinafter referred to as Lessor, and Left Gate Property Holding, Inc., d/b/a Texas Direct Auto, a Texas corporation, hereinafter referred to as Lessee.

In consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the premises commonly known as:

1. a tract or parcel of land containing 14.457 acres, more or less, situated in the James Alston survey, Abstract 101, in Fort Bend County, Texas, more particularly described in Exhibit "A" attached hereto, together with the improvements constructed thereon, and commonly known as 12002 Southwest Freeway, Stafford, Texas, and sometimes hereinafter referred to as the "Mall Tract";

2. a portion of a tract or parcel containing 3.139 acres of land situated in the James Alston Survey, Abstract 101, in Fort Bend County, Texas, more particularly described on Exhibit "B" attached hereto, such portion being highlighted in yellow on the attached Exhibit "D" and roughly being the southern one-half of the 3.139 acre tract, and commonly known as 11000 Dorrance Lane, Meadows Place, Texas 77477, and sometimes hereinafter referred to as the "Raw Land"; and

3. a parcel or tract containing 3.518 acres of land situated in the James Alston Survey, Abstract 100 in Harris County, Texas and the James Alston Survey, Abstract 101, in Fort Bend County, Texas, more particularly described on Exhibit "C" attached hereto, and commonly known as 11000 Dorrance Lane, Meadows Place, Texas, and sometimes hereinafter referred to as the "Paved Land";

all three tracts being hereinafter collectively called the "leased premises" or "premises". Attached to this Lease as Exhibit "D" is an aerial photograph of the real property that is the subject of this Lease with the premises highlighted in yellow. Also identified on this photograph and highlighted in red is the property that Lessee is simultaneously attempting to lease from Sohani Heritage Trust ("Sohani"), a separate legal entity that owns real property that adjoins the premises.

ARTICLE 1
TERM AND ASSUMPTION OF EXISTING LEASES

1.01 The term of this Lease shall be ninety-eight (98) consecutive calendar months, commencing thirty (30) days after approval of the City of Meadows Place Zoning Committee of Lessee's Amended Use Application and ending 11:59 pm Houston, Texas time on 98 consecutive calendar months later, unless sooner terminated as herein provided. Lessee shall be given unrestricted access to the Premises upon approval by the City of Meadows Place of its Amended Use Application; save that Landlord or its assigns shall have thirty (30) days after the City of Meadows Place Approval to move out. Lessee shall grant reasonable access to facilitate move out.

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1.02 Lessee shall have the right to take possession of the leased premises as described above, even though base rent does not commence until sixty (60) days after possession. Upon receipt of possession of the Premises and notwithstanding anything to the contrary contained in this Lease, Lessee shall be subject to all of the obligations of this Lease to be performed by Lessee, including but not limited to payment of the insurance and taxes obligations herein described (except the obligation to pay base rent.)

1.03 It is acknowledged that there are other Tenants of Lessor on the premises. Upon expiration of their Leases, Lessee shall be allowed to occupy said spaces as Tenant without any increase in Base Rent or otherwise. The Option to Purchase and Right of Refusal shall apply to said areas.

ARTICLE 2
USE OF PREMISES, WASTE, NUISANCE, AND UNLAWFUL USE PROHIBITED

2.01 The leased premises shall be used and occupied by Lessee only as an automobile dealership and/or distribution center with possible rental car business and other auto related businesses. Under no circumstances may Lessee use or lease any portion of the improvements on the Mall Tract for a movie theater.

2.02 Lessee may not commit, or suffer to be committed, any waste on the leased premises, nor may Lessee maintain, commit, or permit the maintenance or commission of any nuisance on the leased premises or use the leased premises for any unlawful purpose.

2.03 Lessee may not do or permit anything to be done in or about the leased premises that will in any way conflict with any law, ordinance, rule, or regulation, affecting the occupancy and use of the leased premises, that has been or may be enacted or promulgated by any public authority; or commit, or suffer to be committed, any waste on the leased premises; or in any way obstruct or interfere with the rights of Lessor's other lessees, or injure or annoy them; or allow the leased premises to be used for any improper, immoral, unlawful, or objectionable purpose; or prepare, manufacture, mix, or allow to be prepared, manufactured, or mixed in the leased premises anything that might emit an odor into the surrounding areas or corridors, hallways, and lobby of the building in which the leased premises are situated; or use any device in connection with the leased premises that will in any way increase the amount of electricity or water usually furnished to them, save and except as is reasonable for the use described in Section 2.01 above.

ARTICLE 3
RENT

3.01 Lessee agrees to and shall pay Lessor at 1618 Keenen Ct., Houston, Texas 77077, or at such other place as the Lessor shall designate from time to time in writing, without any prior demand and without any deduction, abatement, or setoff, as base rent, payable in Ninety-Six (96) successive monthly installments, the sum of Sixty Five Thousand and No/100 Dollars ($65,000.00) per month each, in advance, the first such payment plus any additional rent as contemplated herein being due and payable on or before sixty (60) days from possession of the Premises, and a like payment being due and payable on or before the 1st day of each succeeding month thereafter for ninety five (95) consecutive months.

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3.02 In the event said monthly rental payment is not received by Lessor by the fifth (5th) day of the month, then Lessee agrees to pay to Lessor as a rental obligation a late charge equal to five percent (5%) of the rental obligation in arrears, such charge to be added to such arrearage; provided, however, that the foregoing shall not be construed to be in conflict with the provisions of Article 13 hereof, but the acceptance of arrearage payments shall be optional with Lessor.

ARTICLE 4
OPTION TO RENEW

Lessee is hereby granted the option to renew this Lease for an additional term of five (5) years, being sixty (60) consecutive calendar months, hereinafter called "extended term," on similar terms, covenants and conditions herein contained, subject to the following conditions which shall be applicable to said extended term:

1. Lessee is not in default of this Lease.
2. Lessor shall have received written notice of Lessee's intention to exercise said option no later than February 1, 2019, being six (6) months prior to the expiration of the primary term of the Lease.
3. During the extended term, Lessee shall pay Lessor as fixed minimum rent, in sixty (60) successive monthly installments the sum of $70,000.00 each, in advance, the first such payment plus any additional rent as contemplated herein being due and payable on or before the first (1st) day of August, 2019, or alternatively the first month after expiration of the primary term and a like payment being due and payable on or before the same day of each succeeding month thereafter until the final payment is made.

ARTICLE 5
SECURITY DEPOSIT

5.01 Upon execution of this Lease, Lessee shall deposit with Lessor the additional sum of Sixty Five Thousand and No/100 Dollars ($65,000.00) (the "security deposit"), receipt of which is hereby acknowledged by Lessor as security for the full and faithful performance by Lessee of the terms, conditions, and covenants of this Lease. The security deposit does not constitute advance payment of the final rental payment due herein. Any interest accruing on the security deposit while held by Lessor shall be the property of Lessor.

5.02 Excluding the final rental payment to be made herein, if at any time during the term hereof Lessee shall be in default in the payment of rent herein reserved or any portion thereof, or of any other sums payable to Lessor hereunder, other than advance rental payments, Lessor may appropriate and apply any portion of the security deposit as may be necessary to the payment of the overdue rent or other sums.

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5.03 If at any time during the term hereof, Lessee should fail to repair any damage to the premises that it is required to repair pursuant to the terms hereof for a period greater than ten (10) days after written demand to make such repair is served on Lessee by Lessor, then Lessor may appropriate and apply any portion of the security deposit as may be reasonably necessary to make such repairs.

5.04 If on termination of this tenancy for any reason, Lessee does not leave the leased premises in reasonably clean condition, excluding "normal wear and tear," then Lessor may appropriate and apply any portion of the security deposit as may be reasonably necessary to put the premises in such clean condition. As used herein, the term "normal wear and tear" means that deterioration which occurs, based upon the use for which the premises herein are intended, without negligence, carelessness, accident, or abuse of the premises or equipment or chattels by the Lessor, or its invitees or guests.

5.05 Within thirty (30) days after Lessee surrenders the leased premises, the Lessor may return to the Lessee the balance of the security deposit, if any, to such an address as Lessee shall prescribe in writing for such purpose, provided that, (i) Lessee has notified Lessor of its intended surrender of the premises at least ninety (90) days prior to surrender of the premises, (ii) Lessee has provided an address for return of the security deposit, and (iii) Lessee is not in default of this Lease.

ARTICLE 6
UTILITIES

6.01 Lessee shall promptly pay all costs and expenses of gas, electricity, telephone and other utilities and services furnished to the leased premises.

6.02 Lessee shall promptly pay all costs and expenses of water and sewage services furnished to the leased premises.

6.03 Lessee shall pay the costs and expenses of removing its trash and garbage from the premises unless such services are furnished by the municipality in which the leased premises are located, but in any event, it is Lessee's obligation to remove trash and garbage from the premises, however the same may be accomplished.

ARTICLE 7
MAINTENANCE, REPAIRS AND ALTERATIONS

7.01 Lessee will at its own cost and expense repair the parking area, damage to the foundation, roof, or to the exterior walls of the premises including, but not limited to plate glass and doors, heating and air conditioning equipment (whether roof mounted or otherwise affixed outside the leased premises); electrical and plumbing equipment; all fixtures; all wiring and plumbing lines (whether exposed or concealed); doors, door frames, molding, trim, windows, window frames, closure devices, hardware, plate glass and floor covering. Lessee shall not make or permit any penetration in the roof above the leased premises and shall be responsible for all rooftop flashing around the rooftop air conditioning unit. If any such roof penetration is required

in connection with Lessee's repair responsibilities, Lessor shall perform such roof penetration at Lessee's cost, which shall be paid upon demand. If Lessor considers necessary any repairs, maintenance or replacements required to be performed by Lessee, under this Lease, and if Lessee refuses or neglects to perform same after reasonable notice (except in the event of an emergency, when no prior notice shall be required), Lessor shall have the right (but shall not be obligated), to perform such repair, maintenance or replacement and Lessee will pay the cost thereof on demand. All maintenance and repairs, except as is expressly made Lessor's obligations under the provisions in this Lease, shall be promptly and efficiently carried out at Lessee's expense.

7.02 Cumulative of the above, Lessee shall not commit nor permit any waste nor injure the premises, but will take good care of the same, Lessee agreeing to maintain and keep same in good and constant repair at its sole cost and expense, including plumbing both concealed and exposed within and without the premises to any connection with the City of Meadow or other municipal sewer system, heating, gas, water, sewer, air conditioning, electrical and other connections, installations and systems, hardware, doors, windows and glass, and all fixtures, equipment, connections and appurtenances, in any way relating to the foregoing, without exception. At the end of this Lease, Lessee will surrender said premises to Lessor in good condition except for ordinary wear and tear, except to the extent that Lessor has any express obligation to repair the premises under the terms of this Lease. Lessee will not overload the slab or foundation, do or cause anything to be done which will have the effect of overloading or damaging the slab or foundation, this being a condition of this Lease.

7.03 Lessor reserves the right but does not have the obligation, to enter the leased premises at any reasonable time to inspect the condition thereof.

7.04 Lessor further reserves the right, but not the duty, to repair or maintain the premises or any part thereof in those instances where Lessee is obligated to do so, and the reasonable and necessary costs thereof shall constitute a demand obligation against the Lessee, together with interest thereon at the maximum rate provided by law and reasonable expenses and attorney's fees for the collection thereof, all of which shall constitute a rental obligation.

7.05 Lessee shall be allowed to make all reasonable alterations or additions to the premises necessary for the permitted use of the premises without written consent of the Lessor. All alterations and additions shall be accomplished in a good and workmanlike manner in strict accordance with all laws and regulations and at Lessee's sole cost and expense, and removable Trade Fixtures shall be removed at Lessor's election by notice given to the Lessee at the expiration or termination of this Lease to restore the premises as nearly as is practical to the condition as the same existed before such alterations and/or additions were made. Subject to the lien and security interest and other rights of Lessor, Lessee shall remove only "Removable Trade Fixtures," as hereinafter defined, (excluding all components of the HVAC system, pipes, paneling or other wall covering or floor covering), and, in addition to other applicable provisions of this Lease regarding such removal, the following shall apply: (1) such removal must be made prior to the termination of the term of this Lease; (2) Lessee must not be in default of any obligation or covenant under this Lease at the time of such removal; and (3) such removal must be effected without damage to the leased premises or the building of which the leased premises are a part and Lessee must

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promptly repair all damage caused by such removal. For the purposes hereof, the phrase “Removable Trade Fixtures” includes, but not limited to the following: all of Lessee’s signs, tables, chairs, desks, racks, merchandisers and displayers, standards, wall brackets, hang-rods, shelves, marking equipment, cash registers, automotive lifts removable equipment and other machines.

All plumbing or electrical wiring connections exposed as a result of the removal of Lessee’s Removable Trade Fixtures, or other alterations, additions, fixtures, equipment and property installed or placed by it in the leased premises (if such removal is so requested by Lessor) shall be capped by Lessee in a safe and workmanlike manner.

7.06 Lessee shall pay the full amount of all taxes, assessments, impositions, levies, charges, excises, fees, licenses and other sums levied, assessed, charged or imposed by any governmental authority or other taxing authority upon Lessee’s leasehold interest under this Lease and all alterations, additions, fixtures (including Removable Trade Fixtures), inventory and other property installed or placed or permitted at the leased premises by Lessee. Within thirty (30) days after notice from Lessor, Lessee shall furnish Lessor a true copy of receipts evidencing such payment received by Lessee from the governmental authority or other taxing authority assessing such charges.

7.07 Lessor disclaims any warranty of suitability that may arise either by operation of law, or by accepting Lessee’s use of the leased premises and makes no warranty regarding any latent defects or the suitability of the premises for Lessee’s purposes. Lessor makes no warranty, and Lessee releases Lessor from any and all loss, claim, damages, or other liability resulting from the premises, geographic area, condition of streets, roads, highways, utilities, infrastructure, etc. not being suitable, or as anticipated by Lessee, including, but not limited to the loss of customer traffic in or around the building due to road or other construction, detours, damage to utility lines, whether or not any such construction or damage is the result of Lessor’s action or that of any other party. Furthermore, Lessee acknowledges that Lessor offers no warranty of suitability covering any portion of the premises or facilities, including, but not limited to items, materials, equipment, etc. that Lessee has undertaken the maintenance and repair responsibilities thereof. Notwithstanding the forgoing this Lease, and all obligations of Lessee as contained herein are specifically conditioned upon the Leased premises being suitable, due to municipal and other governmental regulations laws and ordinances, for the permitted use as hereinabove defined. This condition precedent shall continue in full force and effect throughout the term of this lease and all extensions thereto. Should any municipality terminate Lessee’s right to operate the permitted use business as hereinabove defined at any time during the entire term of this Lease, plus all extensions then this Lease and all obligations relating thereto of Lessee shall likewise terminate and be of no further force and effect as of the date Lessee is required to cease operations. Lessee shall use all reasonable efforts to defend its right to do business at said Location.

7.08 In any instance where the Lessee undertakes any repair, maintenance, improvement or any other work in regard to the premises Lessee shall not permit any lien to attach to the premises, whether voluntary or otherwise, and in no event shall the premises nor this Lease be subject thereto nor shall Lessor have any liability whatsoever in connection therewith, and Lessee shall protect, indemnify and save Lessor harmless from all such liability and any expense incurred by Lessor in connection therewith, including the protection afforded Lessor under the provisions of Article 8 hereof.

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7.09 Lessee shall not use or suffer or permit any person to use in any manner whatsoever the premises or any part or portion thereof for any purpose calculated to injure the reputation of the premises nor of the neighboring property nor for any purpose or use in violation of the laws of the United States or of the State of Texas or of Fort Bend and/or Harris Counties or of the ordinances of the Cities of Meadows Place and/or Stafford, nor for any immoral or unlawful purpose whatsoever, nor suffer or permit nuisances upon said premises. Lessee shall at all times keep the premises in a neat, clean and sanitary condition, and comply with all valid laws, ordinances, rules and regulations made by the Cities of Meadows Place and/or Stafford or the Counties of Fort Bend and/or Harris or of the State of Texas or the United States or any governmental authority applicable to the occupancy or use of the premises, including all laws, rules and regulations respecting fire and fire hazards, and will not prevent or interfere with compliance by Lessor with any and all such laws, rules and regulations applicable to said premises, and Lessee agrees to take the same care of the premises as a reasonable man would take of its own property, and Lessee shall promptly repair, at Lessee's cost and expense, any damages to the premises or any part thereof caused by the negligence of Lessee or Lessee's family, agents, servants, employees, contractors, guests or customers, or otherwise.

7.10 Lessee acknowledges its independent inspection of the premises and same are accepted by it in present condition, and it acknowledges same to be suitable for the purposes and use to be made thereof, subject to the condition precedent for its intended use as hereinabove provided.

ARTICLE 8
INSURANCE

8.01 As additional rent, Lessee will pay to Lessor it proportionate share of all casual insurance on the leased premises and improvements on the leased premises during the term of this Lease, based upon that percentage which the area of the leased premises bears to the total leasable area contained in the Shopping Center Building. Lessee shall pay to Lessor monthly, in advance, on the first day of each month, one-twelfth of the Insurance Charge. Upon request and each time an adjustment is made, Lessor shall furnish Lessee with a notice of the required monthly installment of the Insurance Charge. Upon written request by Lessee, Lessor shall furnish a letter setting forth the amounts of the insurance premiums upon which the Insurance Charge was calculated. The term "Insurance Charge" means Lessee's proportionate share of the insurance premiums payable by Lessor for any insurance obtained by Lessor with respect to the operation, ownership or use of the leased premises for any calendar year during the Lease Term.

8.02 Lessee agrees to take out and maintain at all times during the lease term a policy of fire and extended coverage insurance on the leased premises (including, but not limited to the rooftop HVAC and plate glass) naming Lessor as Loss Payee. Such policy shall contain a replacement cost endorsement. In the event that there is damage or loss to the leased premises by reason of fire or other casualty, and such fire or casualty is caused in whole or in part by acts or omissions of Lessor, its agents, servants or employees, then Lessee agrees to look solely to its

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insurance proceeds (if any); and Lessee shall have no claim or right of recovery against Lessor, or the agents, servants or employees of Lessor; and no third party shall have any claim or right of recovery by way of subrogation or assignment or otherwise. Such insurance policy shall contain a loss payable clause designating Lessor as loss payee. Lessee shall be responsible for the safety and personal well being of Lessee's employees. Lessee agrees that Lessor shall not be responsible or liable to Lessee or those claiming under Lessee (including, without limitation, Lessee's agents, servants, employees, customers and invitees) for injury, death or damage or loss occasioned by the acts or omissions of persons occupying any other part of the leased premises or occasioned by the condition of the leased premises or property of any other occupant of any part of the leased premises or the acts or omissions of any other person or persons present at the building of which the leased premises are a part of who are not occupants of any part thereof, whether or not such persons are present with the knowledge or consent of Lessor, and Lessee agrees to indemnify and hold Lessor harmless from all losses, claims, suits, actions, damages, and liabilities arising (or alleged to arise) therefrom.

8.03 Lessee will take out and maintain, at its own cost and expense, commercial general liability insurance coverage in a minimum amount of $2,000,000.00 combined single limit and shall include products liability coverage. Such policy shall name Lessor (and any of its affiliates, subsidiaries, successors and assigns designated by Lessor) and Lessee as the insureds. If Lessee is engaged in any way in the sale of alcoholic beverages, either for consumption of alcoholic beverages on the premises or off the premises, Lessee will also maintain liquor liability insurance with the limits of not less than $2,000,000.00 each common cause and $2,000,000.00 aggregate. If written on a separate policy from the commercial general liability policy, such policy shall name Lessor (and any of its affiliates, subsidiaries, successors and assigns designated by Lessor) as an additional insured.

8.04 Lessee, at its own expense, shall provide and maintain in force during the lease term, for all claims, demands, or actions arising out of Lessee's use and occupancy of the premises in the minimum amount of $2,000,000.00 including coverage in accordance with Environmental Requirements as described in Article 24. The policy shall cover Lessor as well as Lessee and shall be with one or more insurance companies authorized to transact business in Texas and reasonably approved by Lessor.

8.05 Lessee, at its own expense, shall provide and maintain in force during the term of this Lease, for all claims, demands, or actions arising out of an employee's death or incapacitating personal injury sustained in the course of employment, workers' compensation insurance through any insurance company or through self-insurance, as provided in the Texas Workers' Compensation Act.

8.06 Lessee shall furnish Lessor with certificates of all insurance required by this Article. If Lessee does not provide the certificates when Lessor delivers possession to Lessee, or if Lessee allows any insurance required under this Article to lapse, Lessor may, at its option, take out and pay the premiums on the necessary insurance to comply with Lessee's obligations under this Article. Lessor is entitled to immediate reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest at the rate of eighteen percent (18%) annually from the date of payment by Lessor until reimbursement.

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ARTICLE 9
INDEMNIFICATION

9.01 Lessee agrees to indemnify and hold Lessor harmless against any and all claims, demands, damages, costs and expenses, including bond premiums and reasonable attorney's fees incurred by Lessor, arising from Lessee's: (i) conduct or management of Lessee's business, (ii) use of the premises, (iii) breach on the part of the Lessee of this Lease, or (iv) act of negligence of Lessee, its agents, contractors, employees, guests, invitees, licensees, concessionaires, and others claiming by, through or under Lessee in or about the premises.

9.02 Lessor shall have no liability due to the premises or any appurtenance thereof becoming out of repair nor for damage resulting from leakage of water or any other substance, or from latent defects, Lessee agreeing to protect, indemnify and save Lessor harmless from all claims and causes of action in any way relating thereto within the indemnity clause hereof.

9.03 Lessor shall not be liable to Lessee or to any other person on the leased premises for any loss or damage to the person or property of such other person caused by any act of negligence whatsoever or due to any building on the premises or its appurtenances being improperly constructed or being or becoming out of repair and Lessee hereby agrees to indemnify Lessor and hold it harmless from any loss, expense and claims arising out of such damage or injury.

ARTICLE 10
TAXES AND ASSESSMENTS

10.01 As additional rent, Lessee will pay to Lessor it proportionate share of all ad valorem property taxes on the leased premises and improvements on the leased premises during the term of this Lease, based upon that percentage which the area of the leased premises bears to the total leasable area contained in the Shopping Center Building. Lessee shall pay to Lessor monthly, in advance, on the first day of each month, one-twelfth of the Tax Charge, in an amount estimated by Lessor. Upon the written request by Lessee, Lessor shall furnish a letter setting forth the computation of the Tax Charge. Upon receipt of all tax bills and assessment bills attributable to any calendar year during the Lease Term, Lessor shall furnish Lessee with a written statement of the actual amount of the Tax Charge for such year along with copies of the tax statements. If the total amount paid by Lessee under this Section for any calendar year shall be less than the actual amount due from Lessee for such year, as shown on such statement, Lessee shall pay to Lessor on demand the difference between the amount paid by Lessee and the actual amount due; and if the total amount paid by Lessee hereunder for any such calendar year shall exceed such actual amount due from Lessee for such calendar year, such excess shall be credited by Lessor against the Tax Charge due in the subsequent year (or if there is no subsequent year remaining in the Lease Term, such excess shall be offset against any amounts then owing by Lessee to Lessor and any remaining net surplus shall then be refunded by Lessor to Lessee). This Section shall apply to the calendar years in which this Lease commences and terminates, but Lessee's liability for the Tax Charge for such years shall be subject to a pro rata adjustment based on the number of days of such calendar

years during which this Lease is in effect. A copy of a tax bill or assessment bill submitted by Lessor to Lessee shall at all times be sufficient evidence of the amount of taxes or assessments assessed or levied against the property to which such bill relates. Prior to or at the Commencement Date and from time to time thereafter, Lessor shall notify Lessee of Lessor's estimate of Lessee's monthly installments or Tax Charge due hereunder, which estimate shall continue until Lessor notifies Lessee otherwise. The term "Tax Charge" means Lessee's proportionate share of the real estate taxes with respect to any calendar year during the Lease Term, together with any costs incurred by Lessor in such year to contest or seek reductions in real estate taxes (including fees of tax consultants and reasonable attorneys fees). Notwithstanding the foregoing, nothing contained herein shall obligate Lessee to pay any Ad Valorem Taxes relating to the Leased Premises or improvements thereon from previous years, including any penalty or interest regarding same, or any penalty and/or interest for any year(s) which Lessee occupies the Premises.

10.02 If there is presently in effect or hereafter adopted any nature of sales tax or use tax or other tax on rents or other sums received by Lessor under this Lease (herein referred to as "Rent Sales Tax"), then in addition to all rent and other payments to be made by Lessee as provided above, Lessee will also pay Lessor a sum equal to the amount of such Rent Sales Tax. The term "Rent Sales Tax" shall not include any income taxes applicable to Lessor.

10.03 In addition to the above, Lessee must pay all taxes and assessments levied or assessed upon any alterations, additions or fixtures and equipment, or other property which Lessee places on or about the leased premises. No portion of the taxes or assessments paid by Lessee under the terms of this Article shall be credited against any other rental obligation hereunder.

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ARTICLE 11
ASSIGNMENT ASSUMPTION AND SUBLETTING

11.01 **Assignment by Lessor**. Lessor shall the absolute and unconditional right to assign this Lease without the written consent of Lessee.

11.02 **Assignment and Assumption by Lessee**. As other Leases on, in or about the shopping center and/or property owned by Lessor expire, Lessor agrees not to lease the Premises or to extend said Lease, and further agrees to allow Lessee to occupy these spaces as Lessee under this Lease without rental increase for said space. Attached as Exhibit E is the Lease Roll, listing the name of all Current Lessees on the Premises and the applicable date of termination of the Leases of said Lessees.

11.03 Lessee shall have the absolute right to sublet and/or subdivide any space on the Leased Premises in association with its intended use, including the right to collect rents, occupy space, and grant Leases in businesses reasonably associated with its intended use of the premises, without authorization or permission of Lessor. Nothing contained in Section 11 shall act to relive Lessee of any liability for payment of rent to Lessor in accordance with the terms of this Lease.

ARTICLE 12
LESSOR'S LIEN

12.01 To secure payment of all rental obligations and obligations for insurance and tax escrow payments due and to become due hereunder, and the faithful performance of this Lease by Lessee, Lessee hereby grants an express security interest and lessor's line to Lessor on all property, chattels or merchandise which Lessee and those in privity with it may place in or about the leased premises, save and except inventory. Lessor agrees to subordinate any lien, whether contractual or statutory, whether as Landlord or otherwise to the inventory of Lessee. Lessor will not unreasonably withhold its consent to specifically subordinate to any purchase money security interest in and to any fixtures or equipment installed at the leased premises in accordance with the terms of this Lease; however, such consent shall be by writing only and given only in the event Lessee is not in default hereunder.

ARTICLE 13
DEFAULT

13.01 If Lessee should fail (i) to pay the full amount of any rental obligation when due or (ii) to pay any monthly tax escrow payment when due or (iii) to cure any other default, or where Lessee shall make or suffer an assignment for the benefit of its creditors or becomes insolvent, or files or suffers a petition in bankruptcy, or under any portion of the Bankruptcy Act, or is adjudicated a bankrupt, or abandons the premises, or if the Lessee's leasehold estate is sold or attempted to be sold or seized under any judicial process, or under execution, or passes by operation of law or in any manner which is involuntary as to Lessee, without the necessity of notice or demand, Lessor by reason of any of the foregoing occurrences, in addition to any other right or remedy at law or in equity may, at Lessor's option, either terminate this Lease or without terminating this Lease, terminate Lessee's right to possession, and Lessor may re-enter and reposes

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the premises (any damage by reason of such re-entry being hereby waived). Lessor may institute any action for recovery of rental obligations and other damages suffered by Lessor as the same accrue or at the end of the term of this Lease, or may treat Lessee's default as an entire breach of lease and recover rental obligations for the remainder of the term and such other damages to which Lessor may be entitled, either in one or in separate and distinct actions, in addition to Lessor's rights and remedies at law and in equity, as Lessor may from time to time elect to exercise. Cumulative of the foregoing, Lessor may re-enter, repossess and rent the premises or any part thereof to anyone at such rental, and upon such provisions, terms and conditions as Lessor deems practicable, and credit to Lessee any rental thus received, less the expenses of re-renting, including broker's commissions and making said premises suitable for use by subsequent tenancies, all of which shall constitute rental obligations of the Lessee. Lessor shall, in no event, be liable for failure to re-rent the premises or if the premises are re-rented, for failure to collect the rent due under such re-renting, nor shall Lessee be entitled to any surplus rents should the rental be greater than that now or hereafter specified, at any time hereafter. Any re-entry by Lessor shall be without prejudice to any right or remedy of Lessor for its damages, including collection of any unpaid rental obligations.

13.02 In addition to the foregoing, Lessee in the event of its default shall be obligated to pay reasonable expenses incurred by Lessor for the collection of any rental obligation and/or the enforcement of this lease against the Lessee, including reasonable attorney's fees, all being rental obligations on Lessee's part.

13.03 To give effect to Lessor's security interest and liens, following default hereof by the Lessee and notice to the extent hereinabove required, Lessor shall have the further right to thereafter reenter the premises and take possession of the supplies, chattels, furniture, fixtures, and other property owned by Lessee or placed in the premises, and after giving Lessee at least ten days' written notice in the manner hereinafter prescribed of the time, place and date of sale, may proceed to conduct a private or public sale of said property at one or more sales, and to deliver title thereto to the highest bidder for cash, applying the proceeds of such sales to the payment of Lessee's rental obligations and other damages, accrued and to accrue, in such order as Lessor may elect. Lessor shall have the right to bid in at such sale to the same extent as any third party. Lessor shall have the further right, in the contingency herein stated, to padlock the premises or remove all of said property to a public or private warehouse at Lessee's expense, without the necessity of any further notice in this regard.

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ARTICLE 14
EMINENT DOMAIN

14.01 If all of the premises is taken during the term of this Lease by right of eminent domain or by condemnation, then this Lease shall terminate, and all right, title and interest of the Lessee in this leasehold estate shall vest entirely in Lessor at the time of the taking, as that term is hereinafter defined. In the event of a partial taking, by Eminent Domain Lessee may elect, in its sole discretion, to terminate the Lease in the event that the taking reduced materially and substantially interferes with the conduct of its business as hereinabove described. In the event that Lessee elects to continue the Lease the minimum rental shall be proportionately for the balance of the term.

14.02 All sums awarded or agreed upon between Lessor and the condemning authority for the taking of the fee, whether as damages, compensation, or otherwise, are hereby set over, assigned and are vested in Lessor free of all claims, right, title and/or interest of Lessee, and all of such sums of every nature will be the property of the Lessor.

14.03 A voluntary conveyance by Lessor to any authority under threat of taking under the power of eminent domain or condemnation in lieu of formal proceedings shall be deemed a taking within the meaning of this Article. Lessor is hereby vested with the sole and exclusive right to enter into any form of conveyance and upon such terms, provisions and conditions as Lessor in its sole discretion may deem advisable or appropriate under the then existing circumstances, free and clear of any claim, right, title, interest or equity on the part of the Lessee.

14.04 The taking of any easement or right-of-way shall not impair or affect this Lease in any manner whatsoever, whether by voluntary conveyance or by formal proceedings and Lessee shall have no right, title, interest or equity in the proceeds received in connection therewith by Lessor.

14.05 A “taking” as that term is used herein shall mean the date that physical possession of the leased premises or the part thereof, as the case may be, is acquired by the authority exercising said power whether such taking is under formal proceedings or by voluntary conveyance by Lessor.

ARTICLE 15
CERTAIN DAMAGE TO PREMISES

15.01 In the event that the premises shall be partially damaged (as distinguished from “substantially damaged” as that term is hereinafter defined) by fire, the elements, casualty, or by any other cause, Lessee agrees to give Lessor immediate notice thereof and subject to the provisions of paragraph 14.05 hereof, Lessor may forthwith proceed to repair such damage and restore the premises, or so much thereof as was originally constructed by Lessor to substantially their condition at the time of such damage, to the extent to which insurance proceeds may be available for such repair or restoration; but Lessor shall not be responsible for any delay which may result from any cause beyond its control.

Lessor’s initials FK, AK
Lessee’s initials RW

15.02 In case during the term hereof, the premises shall be substantially damaged or destroyed by fire, the elements, or casualty, Lessor shall have the option to terminate this Lease or rebuild the premises. In the event Lessor elects to rebuild the premises, this Lease shall remain in full force and effect, and Lessor shall, proceeding with all reasonable dispatch, repair or rebuild the leased premises, or so much thereof as was originally constructed by Lessor, to substantially their condition at the time of such damage or destruction to the extent to which insurance proceeds may be available for such repair or restoration (subject, however, to zoning laws, deed restrictions and building codes then in existence), but Lessor shall not be responsible for any delay which may result from any cause beyond its reasonable control.

15.03 In the event that the provisions of the preceding two paragraphs of this section shall become applicable, the minimum rent shall be abated or reduced proportionately during any period in which, by reason of any such damage or destruction, taking into consideration to the extent to which Lessee may be required to discontinue its business in the leased premises. Nothing in this paragraph shall be construed to abate or reduce percentage rent, if any. In the event of termination of this Lease pursuant to this Article, this Lease and the term hereof shall cease and come to an end as of the date of such damage or destruction.

15.04 The terms “substantially damaged” and “substantial damage” as used in this section shall have reference to damage to the premises of such a character that in Lessor’s sole opinion as cannot be expected to be repaired or within one hundred and twenty (120) days from the date of such loss.

15.05 Notwithstanding anything to the contrary herein, should the damage to the premises be caused by the fault or negligence of the Lessee, its agents, representatives and/or those in privity with it, Lessee shall at once repair such damage at its own cost and expense if such loss is not covered by Lessee’s insurance, if any, or the extent that same is insufficient to do so; or should said damage not be covered by Lessor’s insurance or should the same be inadequate to repair such damage, regardless of the cause therefore, Lessor may elect not to make said repairs and in which event shall give notice thereof within sixty (60) days from notice by Lessee of such damage, and this Lease shall then terminate.

ARTICLE 16
ENJOYMENT OF THE PREMISES BY LESSEE; SURRENDER OF PREMISES; HOLDING OVER

16.01 Lessee shall peaceably hold and enjoy the premises during the term of this Lease if Lessee pays all rental obligations to Lessor and otherwise discharges and performs all of Lessee’s obligations pursuant to this Lease, time being of the essence.

16.02 Holding over by the Lessee after the end of the term of this Lease (whether under the primary term or under the option terms) if any, shall not extend the term of this Lease, but shall constitute Lessee a tenant at the will and sufferance of Lessor, and Lessee shall pay to Lessor the sum of $5,000 per day as rent during said tenancy at sufferance.

Lessor’s initials FK, AK
Lessee’s initials RW

ARTICLE 17
RELEASE OF LESSOR

17.01 In the event Lessor shall convey the premises or any part thereof, then from and after the effective date of such conveyance, Lessor shall have no further liability under this Lease.

ARTICLE 18
SIGNS

18.01 Lessor owns an undivided one-half interest in a lighted billboard for the Mall Tract portion of the leased premises. The owner of the other one-half interest in this sign is Sohani. Lessor and Sohani have a written agreement that defines who has use of what portion of the sign and how costs associated with the operation of the sign are split. Lessor hereby grants to Lessee as a part of this Lease, the right to exclusive use of the sign for any purpose including but not limited to the purpose of advertising Lessee's business. Lessee shall pay for all costs of operation of the sign that are the obligation of Lessor pursuant to its agreement with Sohani. Lessee agrees not to interfere, subject to the foregoing with another Lessee's signs.

ARTICLE 19
SUBORDINATION

19.01 Upon a determination by Lessee that the leased premises are suitable for the Lessee's intended use as set forth above in Section 2.01 and satisfaction to Lessee of the contingencies set forth in Article 29, such determination and satisfaction being set forth in writing in a certificate to such effect signed by Lessee and delivered to Lessor as set forth in Article 29,

(1) this Lease shall not be subject and subordinate to the lien of any present or future mortgage now or hereafter placed upon Lessor's interest in said premises, or any part thereof, and

(2) Lessor agrees to have executed and delivered upon execution by Lessor to Lessee such instruments which Lessee may reasonably deem necessary by the Mortgagee holding a Deed of Trust Lien on the Leased Premises, agreeing for good and valuable consideration to, (i) honor this Lease, per its expressed terms and term of years and to (ii) subordinate the mortgage to this Lease such that Lessee, upon default by Lessor and notice by Lessee to Mortgagee, shall, upon notice, pay rent directly to Mortgagee.

(3) Nothing contained herein shall prejudice Lessee's right to terminate this Lease should Lessor's right to do business is terminated by the city.

ARTICLE 20
NOTICES

20.01 All notices provided to be given under the Lease shall be given by certified mail or registered mail addressed to the property party, at the following address:

Lessor's initials FK, AK
Lessee's initials RW

Lessor: Beechnut FEC LLC
Attn: Frank Khan, Manager
1618 Keenen Ct.
Houston, TX 77077

Lessee: Left Gate Property Holding, Inc. d/b/a Texas Direct Auto
Attn: Rick Williams, President
12053 Southwest Freeway
Stafford, TX 77477

Such addresses may be changed from time to time by either party by giving notice as provided above. A post office receipt for registration or certification, as the case may be, return receipt requested, of such notice shall be conclusive that such notice was delivered in due course of mail, if mailed as provided above.

20.02 This Lease is performable and the considerations herein are due and payable in Harris County, Texas, where venue and jurisdiction shall lie in all matters affecting this Lease.

ARTICLE 21
NOTICE TO LESSOR

21.01 Lessee will give Lessor written notice of any alleged default by Lessor, specifying the particular default and pointing out the provision of the Lease allegedly violated, after which Lessor will have thirty (30) days to commence and thereafter with reasonable diligence, remedy such default, the provisions of Article 12 or elsewhere to the contrary notwithstanding. In any instance where Lessor is obligated to take any course of action, including any duty to repair, or re-work repairs previously undertaken, the aforementioned notice shall be deemed a condition precedent to any liability of Lessor, and in addition to the foregoing, Lessor shall have no liability for delays caused by weather, strike, union disagreement, riot, casualty, material or labor shortage, acts of God, and/or any other cause beyond Lessor's control.

ARTICLE 22
WAIVER OF SUBROGATION RIGHTS

22.01 With reference to any and all insurance now, and as well as that hereafter, in effect concerning the above mentioned building and any of its present, and as well any of its future contents, it is agreed by and between the parties hereto, so long as their Lessor-Lessee relationship continues as to the leased premises, and to the extent that the parties may do so without affecting their respective rights under their respective insurance, that: Lessor, to the extent Lessor obtains the proceeds under any insurance policy covering all or any portion of the above described premises hereby waives, and releases Lessee from, all rights of subrogation in favor of the insurance carrier under said policy or policies against Lessee; and Lessee, to the extent Lessee obtains the proceeds under any insurance policy covering all or any portion of the above described premises hereby waives, and releases Lessor from, all rights of subrogation in favor of the insurance carrier under said policy or policies against Lessor.

Lessor's initials FK, AK
Lessee's initials RW

ARTICLE 23
ENVIRONMENTAL

23.01 As used herein, "Hazardous Substance" shall mean any substance, material, or waste that is regulated by any federal, state or local government or quasi-governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity; and "Environmental Requirements" shall mean all legal requirements relating to industrial hygiene, protection of human health, hazard communication, employee rights-to-know, environmental protection, or the use, handling, storage, disposal, control, transportation or emission of any Hazardous Substance.

23.02 Lessee shall not cause or knowingly permit any Hazardous Substance to be brought upon, generated, kept or used in or about the leased premises by Lessee or any of Lessee's employees, agents, officers, directors, invitees, or licensees, without Lessor's consent, which consent may be given or withheld in Lessor's sole discretion. Lessor may condition its consent upon any terms and conditions deemed reasonable by Lessor, including without limitation, manner and method of disposal of any Hazardous Substance. Notwithstanding the foregoing sentences of this Article 23.02, Lessee shall be permitted to bring onto, keep or use in the premises consumer products that are used in the ordinary course of business of Lessee, provided that: (i) such consumer products are not used or stored in quantities that would require any notification or reporting under any environmental law or regulations, or warnings to any persons located anywhere outside the leased premises, if the entire quantities were released into the environment, (ii) Lessee inform Lessor in writing from time to time the nature, quantity and use of such consumer products, and (iii) Lessee otherwise complies with the provisions in this Article 23.

23.03 Lessee shall promptly deliver to Lessor copies of any reports or emergency response business plans made to or filed with any governmental entity arising out of or relating to any Hazardous Substance on or from the leased premises, and, upon Lessor's request, copies of all hazardous waste manifests reflecting the disposal of all Hazardous substances removed by Lessee from the leased premises. If any time Lessee shall become aware or have reasonable cause to believe that any Hazardous Substances have come to be located in or about the leased premises, or that any known Hazardous Substances have been or may be released into the environment, Lessee shall immediately give notice thereof to Lessor.

23.04 Lessee shall at its expense fully comply with all Environmental Requirements, prudent industry practices and the reasonable recommendations of Lessor regarding the use, handling, disturbance, management or disposal of Hazardous substances permitted pursuant hereto. Upon expiration or earlier termination of the Lease, Lessee shall cause to be removed from the leased premises and disposed in accordance with all applicable Environmental Requirements and prudent industry practices minimizing to the greatest extent possible any potential liability to Lessor as a result of such removal of, all Hazardous Substances that Lessee or any employee, officer, director, agent, licensee or invitee of Lessee caused or permitted to be located there. If the presence of such Hazardous substances results in contamination of any portion of the leased premises, Lessee shall be solely responsible for the expense of returning the affected portion of the leased premises to the condition existing prior to such contamination; provided, however, that Lessee shall not take any remedial action (except in emergencies) without first notifying Lessor and obtaining Lessor's approval.

Lessor's initials FK, AK
Lessee's initials RW

23.05 Lessee agrees to indemnify and hold Lessor and Lessor's employee, officer, director, agent, licensee or invitee harmless from and against any and all claims, liabilities, penalties, fines, judgments, forfeitures, losses, (including without limitation reasonable attorneys' fees, consultant fees, expert fees, and costs) arising out of or in connection with the presence of any Hazardous Substance in the leased premises, the removal, storage, transportation, and disposal of such Hazardous Substance, Lessee's failure to comply with any and all Environmental Requirements in connection with any Hazardous Substance, any claims made by any of Lessee's employees, agents, officers, directors, licensees or invitees arising out the presence, removal, storage or transportation of any Hazardous Substance on or from the leased premises, and Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge, or generation of any Hazardous Substances in, on, under, to, about, or from the leased premises or any portion of the leased premises.

23.06 The representations, warranties and indemnification by Lessee contained in this Article 23 shall survive this Lease Agreement.

ARTICLE 24
CONDITION OF PREMISES; IMPROVEMENTS TO PREMISES

24.01 LESSEE ACKNOWLEDGES THAT LESSOR HAS DELIVERED THE PREMISES IN "AS-IS" CONDITION AND MADE NO WARRANTIES TO LESSEE AS TO THE CONDITION OF THE LEASED PREMISES, EITHER EXPRESS OR IMPLIED, AND LESSOR AND LESSEE EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE LEASED PREMISES ARE SUITABLE FOR LESSEE'S INTENDED COMMERCIAL PURPOSE, AND LESSEE'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LESSOR OF ITS OBLIGATIONS HEREUNDER, AND LESSEE SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, SETOFF, DEDUCTION, NOTWITHSTANDING ANY BREACH BY LESSOR OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESSED OR IMPLIED.

24.02 Lessee may make improvements to the premises at Lessee's sole cost and expense. Notwithstanding the foregoing sentence or any other provision of this Lease, under no circumstances may Lessee remove, tear down and/or demolish the existing walls of the "cinema building," which is a portion of the structure located on the Mall Tract which was formerly used as a movie cinema. At some point in the future, Lessor may elect to open a cinema again and if the existing walls that divide the cinema building into six separate theaters are removed, torn down, and/or demolished, it would cost the Lessor a lot of money to re-build them. For this reason, Lessee has no right to remove, tear down, and/or demolish these walls.

24.03 Lessor grants to Lessee the right to install a fence around the leased premises in order to provide a measure of security for vehicles it is selling, provided that Lessee shall not fence in any portion of the premises or of the premised leased to Lessee by Sohani or that is currently being used or may in the future be required for use by any other tenant of Lessor.

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Lessee's initials RW

24.04 More specifically, Lessor owns a tract of land adjacent to and southeast of Sohani's property that Lessee is simultaneously leasing (which property is adjacent to the southbound feeder road for Highway 59) on which is located a structure that is currently used as a restaurant. This restaurant is not located on the premises of either this Lease or the lease that Lessee will simultaneously enter into with Sohani. It is the intent of this provision that Lessee will not fence in any of the parking spots that are currently being used by this restaurant or that may, in the future, be required for use by the restaurant. Lessor and Sohani have a separate agreement concerning shared parking that also addresses this matter. Lessee acknowledges that (1) Lessor will need a certain minimum number of parking spaces for this restaurant as dictated by the City of Meadows Place and that number may vary at some point during the primary or extended term of this Lease, (2) some of the current and/or future required parking spaces for the restaurant may be on the property that is owned by Sohani, (3) there is an agreement between Lessor and Sohani concerning the use of parking spaces that governs the use of a portion of the property that Lessee is going to lease from Lessor and from Sohani, (4) this Lease is subject to that parking agreement between Lessor and Sohani, and (5) Lessee will not fence in any portion of the premises or, if already fenced in, will remove such fencing of parking spaces as is necessary for Lessor to comply with the minimum parking space requirements of the City of Meadows Place for use by the restaurant.

ARTICLE 25
RIGHT OF FIRST REFUSAL; OPTION TO PURCHASE

25.01 Right of First Refusal. Lessor hereby grants to Lessee a right of first refusal to purchase the premises, or any portion thereof, if Lessor elects to sell the premises. This right shall be exercisable during the primary 98-month term, and during the extended 60-month term if Lessee elects to extend the term. Upon receipt of a fully executed sales contract to sell the premises, Lessor shall present the contract to Lessee and Lessee shall thereafter have a period of thirty (30) days to match the offer and present the Lessor with an identical contract for purchase of the property. Lessor agrees to make any contract for the sale of the premises during the primary term or extended term subject to this right of first refusal in favor of Lessee. If Lessee does not exercise its option by presenting a contract with identical terms, then this option shall expire and Lessor shall be free to sell the property as contemplated in the contract that Lessee declined to match. The same procedure shall be used for subsequent contracts during the primary and extended terms. Lessor agrees to the filing of a memoranda of this right in the Deed Records of Fort Bend County Texas.

25.02 Option to Purchase. Lessor hereby grants to Lessee an option to purchase the premises at the then reasonable market price of the property at any time from the end of the primary 98-month term through the end of the extended term of this Lease, i.e. this option shall only apply during the extended term, if Lessee elects to the extend the term of the Lease beyond the primary 98-month term. The purchase price for this option shall be based on negotiated by agreement by Lessor and Lessee. If Lessee wishes to exercise this option to purchase, Lessee shall obtain an appraisal of the premises from a MAI-certified appraiser. Upon receipt of such appraisal, Lessor

can then elect to obtain a 2nd appraisal from another MAI-certified appraiser. Lessor and Lessee agree to work together in good faith to reach an agreement on the purchase price based on the average of the two appraisals. This agreement is enforceable by Specific Performance. If necessary, Lessor may obtain a 3rd appraisal to assist in the determination of the purchase price.

ARTICLE 26
COMMISSION

26.01 Upon (1) execution of this Lease by Lessor and Lessee and (2) Lessor's receipt from Lessee of written satisfaction of the Conditions to Acceptance of Lease set forth below in Article 28, Lessor shall be obligated to pay to Commercial Fine Properties a commission of $80,000.00. This commission is payable in two equal installments of $40,000.00 each, one payable upon (1) execution of this Lease by Lessor and Lessee and (2) Lessor's receipt from Lessee of written satisfaction of the Conditions to Acceptance of Lease set forth below in Article 28, and one payable upon Lessee taking possession of the premises.

26.02 If Lessee exercises its option to renew the term of the Lease as provided in Article 4, Lessor shall pay to Commercial Fine Properties a commission equal to 2% of the total base rent paid during the extended term, which sum equals $84,000.00 assuming the total base rent paid during the extended term is $4,200,00.00.

26.03 If Lessee purchases the premises from Lessor during the primary term or the extended term of the Lease, either through exercise of Lessee's right of first refusal during the primary or extended term or its option to purchase during the extended term as provided in Article 25, Landlord shall pay to Commercial Fine Properties a commission equal to 3% of the sales price for the premises.

ARTICLE 27
ACCESS EASEMENT

27.01 Lessee hereby grants to Lessor an ingress/egress easement across that portion of the premises described on Exhibit "B" so that Lessor can have access from Dorrance Lane to the northern portion of the 3.139 acre tract that is owned by Lessor. The northern portion of this tract is land locked without this easement, so grant of this access easement is critical to Lessor. Lessor does not currently have this property leased to anyone else but may lease it in the future. Lessee agrees at its own expense to make such accommodations as are necessary, including but not limited to altering any fencing on the property, so that Lessor can have access to the northern half of this property at such time(s) during the term of this Lease as Lessor requests.

ARTICLE 28
GENERAL PROVISIONS

28.01 Paragraph headings throughout this instrument are for convenience and reference only, and the words contained in such headings shall in no way be construed to explain, modify, amplify or aid in the interpretation or meaning of the provisions of this Lease.

Lessor's initials FK, AK
Lessee's initials RW

28.02 This Lease constitutes the entire agreement between Lessor and Lessee, no other or contemporaneous promises or representations, whether written or oral, shall be binding on them and this Agreement shall not be amended, modified or changed in any way except by written instrument signed by the parties hereto.

28.03 No receipt of money by Lessor from Lessee after (i) the termination of this Lease shall reinstate, confirm or extend this Lease, nor (ii) affect any prior notice by Lessor to Lessee. No extension of this Lease shall be valid unless specifically stipulated in writing by Lessor in the manner strictly set forth in this Lease. No waiver by Lessor of any default or breach of any term, provisions or condition of this Lease shall be deemed to be a waiver of any breach of the same or of any other term, provision or condition of this Lease. The rights and remedies provided by this Lease are cumulative, and the use of any one right or remedy by Lessor shall not preclude or waive its right to use any or all other remedies. Lessor's rights and remedies provided in this Lease are in addition to any other right or remedy which Lessor may have by law, statute, ordinance or otherwise.

28.04 Lessee will not load or unload any trucks or permit any trucks serving the leased premises, whether owned by Lessee or not, to be loaded or unloaded in the leased premises except in the areas designated for such use by Lessor.

28.05 This Lease shall be binding upon and inure to the benefit of the heirs, legatees, devisees, executors, administrators, successors and assigns of the respective parties hereto, who may come into possession of the premises in any manner whatsoever.

28.06 Time is of the essence of this Agreement.

ARTICLE 29
CONDITIONS TO ACCEPTANCE OF LEASE

29.01 Conditions to Lessee's Acceptance of Premises. Lessee's obligations under this Lease are subject to the following conditions:

1. Lessee must be able to erect a fence around the premises in order to secure its inventory of automobiles, except around the restaurant as provided above in Section 24.04.
2. Lessee must be able to obtain any city, county and/or state permits that may be necessary to operate its business on the premises.
3. Lessee must be able to obtain a lease from Sohani for the property adjacent to the premises on the same basic terms and conditions as this Lease.

Lessee shall have one hundred and twenty (120) days after execution of this Lease to determine if the three above conditions are satisfied. Prior to the expiration of this one hundred and twenty (120) day period, Lessee agrees to deliver a written certificate to Lessor stating whether the three conditions above have been satisfied. If Lessee fails to deliver this written certificate with one

hundred and twenty (120) days after execution of this Lease, the three conditions above shall be deemed to be satisfied and these three items shall no longer be conditions to the effectiveness of this Lease and all terms of the Lease shall be in full force and effect, subject only to Section 7.07 regarding permitted continued use by municipalities.

IN WITNESS WHEREOF, the undersigned Lessor and Lessee hereto executed this Lease Agreement as of the day and year first above written.

LESSOR:

Beechnut FEC, LLC,

a Texas limited liability company

By: /s/ Farooq Khan
Farooq Khan, Manager

By: /s/ Asma Khan
Asma Khan, Manager

Mortgagee:

By: _____

LESSEE:

Left Gate Property Holding, Inc. d/b/a Texas Direct Auto,

By: /s/ Rick Williams
Rick Williams, President

Lessor's initials FK, AK
Lessee's initials RW

AMENDMENT TO LEASE AGREEMENT REGARDING RESTAURANT

Recitals

WHEREAS, on or about May , 2011, Beechnut FEC LLC, a Texas limited liability corporation ("Beechnut"), as Lessor, and Left Gate Property Holding, Inc. dba Texas Direct Auto, a Texas corporation, as Lessee, entered into a Lease Agreement (the "Lease Agreement") concerning the real property referred to in the Lease Agreement as the "Leased Premises." Attached to this Lease as Exhibit "A" is a legal description of the Leased Premises and an aerial photograph that shows the Leased Premises and the two adjacent properties called the Sohani Tract and the Restaurant Tract, each of which are hereinafter defined,

WHEREAS, the Sohani Tract refers to the adjacent real property that Lessee is concurrently leasing from Sohani Heritage Trust ("Sohani") pursuant to a lease agreement (the "Sohani Lease") with terms similar to the Lease Agreement.

WHEREAS, Article 25 of the Sohani Lease grants to Lessee a right of first refusal and an option to purchase the Sohani Tract,

WHEREAS, as provided in Section 24.04 of the Sohani Lease, Beechnut owns a small tract of land adjacent to the Leased Premises and the Sohani Tract on which there is a building for a restaurant (the "Restaurant Tract"). Operation of the restaurant in accordance with the required governmental codes and laws requires a certain minimum number of parking spaces dedicated for use by the restaurant. The Lease Agreement and the Sohani Lease prohibit the Lessee from fencing in any portion of the Leased Premises or the Sohani Tract that is now or in the future may be used for parking spaces required by government codes or laws for operation of the restaurant;

WHEREAS, the Restaurant Tract does not contain the required minimum number of parking spaces for operation of the restaurant, so Beechnut entered into an agreement with Sohani (the "Parking Agreement") which provides that the owner of the Restaurant Tract (which is currently Beechnut) can use some of the parking spaces on the Sohani Tract for parking for the restaurant. This Parking Agreement is critical to Beechnut's ability to lease the Restaurant Tract for use as a restaurant and all the parties hereto recognized this fact by agreeing to the provisions of Article 24.04 of the Lease Agreement and the Sohani Lease.

WHEREAS, Beechnut, Lessee and Sohani all wish to amend the Sohani Lease in order to provide that Lessee's right of first refusal and option to purchase granted in the Sohani Lease does not apply to any portion of the Sohani Tract that is covered by the Parking Agreement. According, Beechnut Lessee and Sohani agree as follows:

Lessor's initials FK, AK
Lessee's initials RW

Agreement

1. Lessee acknowledges that the Restaurant Tract, which is currently owned by Beechnut, uses a portion of the parking spaces located on the Sohani Tract.

2. Lessee agrees that the right of first refusal and the option to purchase granted to Lessee by the Sohani Lease does not apply to any portion of the Sohani Tract that is used for parking purposes by the owner of the Restaurant Tract.

3. Except as stated herein, the terms of the Sohani Lease remain in full force and effect.

Executed to be effective this day of May, 2011.

BEECHNUT:

Beechnut FEC, LLC, Texas a Texas limited liability company

By: /s/ Farooq Khan
Farooq Khan, Manager

By: /s/ Asma Khan
Asma Khan, Manager

SOHANI:

Sohani Heritage Trust,
a Texas trust

By: /s/ Shiraz Ali
Shiraz Ali, Trustee

LESSEE:

Left Gate Property Holding, Inc. dba Direct Auto, a Texas corporation

By: /s/ Rick Williams
Rick Williams, President

Lessor's initials FK, AK
Lessee's initials RW

EXHIBIT "A"

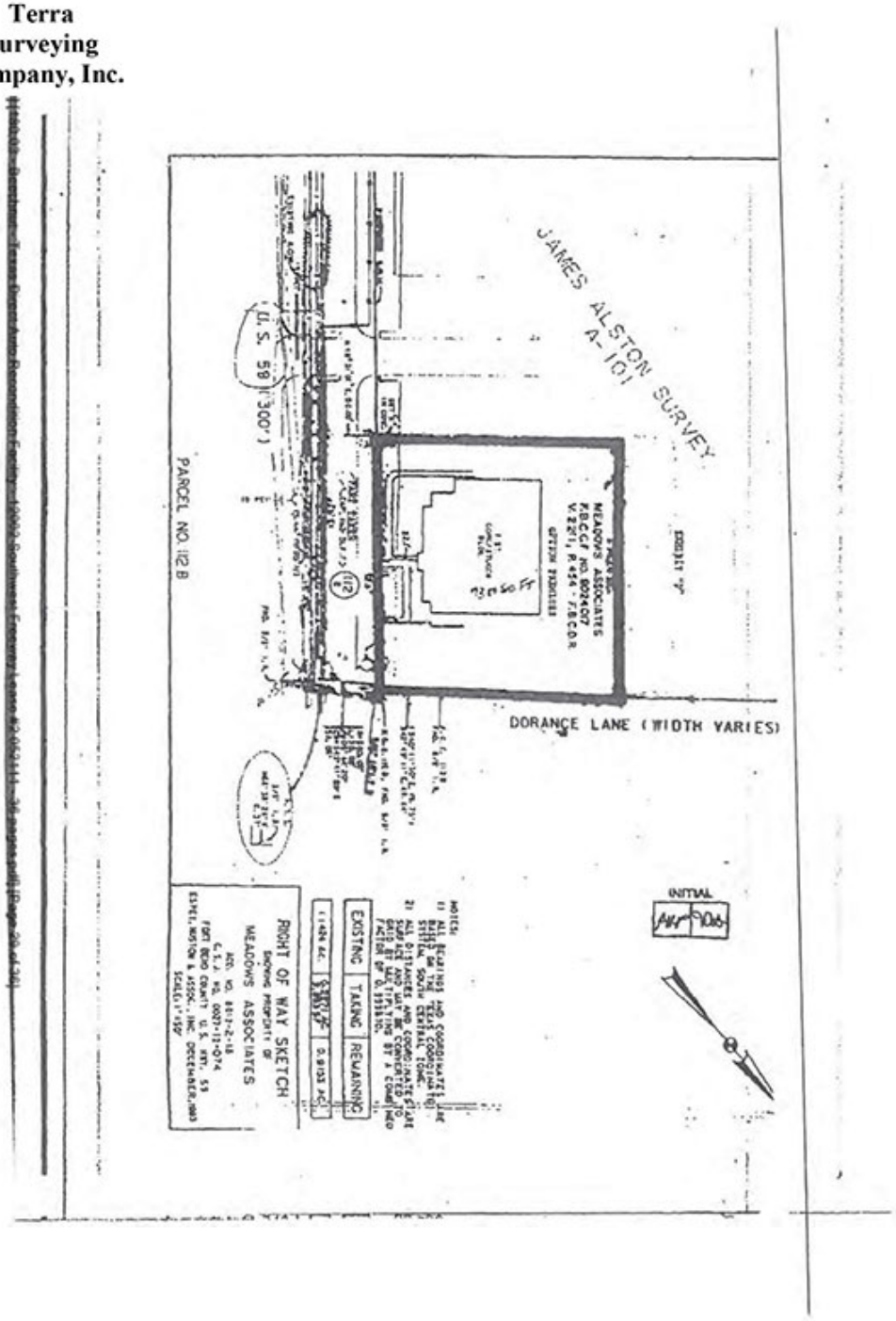
TO LEFT GATE PROPERTY HOLDING, INC. D/B/A TEXAS DIRECT AUTO/ BEECHNUT FEC LLC LEASE

Name of the Tenant:		Lease Expiration Date:
1) Blue Flam Production,	(Cinema)	July 31st 2011
2) India Bazaar Groceries	(Grocery Store)	July 31st 2011
3) Mughal Garden	(Banquet Hall)	July 31st 2011

All these lease holders are to be given possession of the property by the above mentioned dates or cancel their lease on or before that date.

Once the Lessee (Texas Direct Auto) gives a written notice of City Approval of its Application for Amended Use the above leases will be canceled.

Terra Surveying Company, Inc.



4900 Woodway, Suite 1000 – Houston, Texas 77088 – (713) 993-0327 – Fax (713) 993-9231

Exhibit “A”

METES AND BOUNDS DESCRIPTION
RESTAURANT TRACT
1.1424 ACRES (49.764 SQUARE FEET)
JAMES ALSTON SURVEY, ABSTRACT NUMBER 101
FORD BEND COUNTY, TEXAS

Being a tract or parcel containing 1.1424 acres (49.764 square feet) of land situated in the James Alston Survey, Abstract Number 101, Fort Bend County, Texas, being a portion of that certain called 22.941 acre tract of record in Volume 1398 Page 417 of the Ford Bend County Deed Records, Fort Bend County, Texas, said 1.1424 acre tract being more particularly described as follows.

BEGINNING at a 5/8 inch Iron rod found marking the intersection of the southerwesterly right-of-way (R.O.W.) line of Dorrance Lane (width varies) with the northwesterly R.O.W. line of U.S. Highway 59 (width varies):

THENCE, South 44°08’00” West, along the northwesterly R.O.W. line of said U.S. Highway 59, 197.05 feet to a point;

THENCE, North 44°55’00” West, departing said norwesterly R.O.W. line, 244.00 feet to a point for the westerly corner of the herein described tract;

THENCE, North 44°05’00” East, 207.00 feet to a point in the southwesterly R.O.W. line of the aforementioned Dorrance Lane for the northerly corner of the herein described tract;

THENCE, along said southwesterly R.O.W. line, the following courses:

South 45°55’00” East, 94.75 feet to a 5/8 inch iron rod found marking the beginning of a curve to the right;

49.88 feet along the arc of said curve to the right, having a radius of 500.00 feet, a central angle of 05°43’30”, and a chord which bears South 43°03’15” East, 49.94 feet to a 5/8 inch iron rod found marking the end of said curve;

South 40°11’30” East, 49.74 feet to a 5/8 inch iron rod found marking the beginning of a curve to the left:

49.96 feet along the arc of said curve to the left, having a radius of 500.00 feet, a central angle of 05°43’30” and a chord which bears South 43°03’12” East, 49.94 feet to the POINT OF BEGINNING and containing 1.1424 acres (49,764 square feet) of land.

Compiled by: Robert Gabler
Checked by: George Collson
TERRA SURVEYING COMPANY. INC.
4900 Woodway, 10th Floor
Houston, Texas 77058

April 2, 1980
TSC Project Number 1850-9020-5
MB11424

EXHIBIT “A”

Being a tract or parcel containing 14.457 acres (629,745 square feet) of land, situated in the James Alston Survey,

Abstract Number 101, Fort Bend County, Texas being out of and all of the 0.9153 acres conveyed to Meadvest Limited Partnership, of record in Fort Bend County Clerk’s Files (F.B.C.C.F.) Number 9669300 and Harris County Clerk’s File Number S174462, and being out of and a part of that certain called 22.94 acre tract of record in Volume 1396, Page 417, F.B.C.D.R., and being all of that certain called 2.000 acre tract of record in Volume 1403, Page 756, F.B.C.D.R., said 14.457 acre tract being more particularly described as follows (bearings are based on said deed of record in Volume 2223, Page 59, F.B.C.D.R.):

COMMENCING at a 5/8 inch iron rod found marking the intersection of the southwesterly right-of-way (R.O.W.) line of Dorrance Lane (width varies) with the former northwesterly R.O.W. line of U.S. Highway 59 (based on a 300 foot width);

THENCE, South 44 deg. 05 min 00 sec. West, along said formerly northwesterly R.O.W. line of said U.S. Highway 59, a distance of 663.87 feet to a 5/8 inch iron rod found marking the most easterly corner of that certain called 7.00 acre tract of record in Volume 28, Page 16 of the Fort Bend County Plat Records (F.B.C.P.R.), Fort Bend County, Texas;

THENCE, North 45 deg. 55 min. 00 sec. West, along the northeasterly line of said 7.00 acre tract, a distance of 677.61 feet to a 5/8-inch iron rod act marking the most northerly corner of said 7.00 acre tract and the POINT OF BEGINNING of the herein described tract;

THENCE, South 44 deg. 05 min 00 sec West, along the northwesterly line of said 7.00 acre tract, a distance of 450.01 feet to a 5/8 inch iron rod found for corner;

THENCE, North 45 deg. 55 min 00 sec West, along the most easterly line of a tract of land conveyed to Paul R. Lawrence, Trustee, of record in Volume 2679, Page 2196, Fort Bend County Official Records (F.B.C.O.R.), a distance of 204.06 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 70 deg. 31 min 00 sec. West, along the said Paul R. Lawrence, Trustee tract, a distance of 438.09 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 44 deg. 05 min. 00 sec. East, along a tract of land conveyed to the City of Meadows of record in Volume 1827, Page 2608, Fort Bend County Official Records (F.B.C.O.R.) at a distance of 244.68 feet along the easterly line of a tract of land conveyed to the City of Meadows, Texas recorded in Volume 1827 Page 2608, Fort Bend County Official Records (F.B.C.O.R.) and passing the most southerly corner of The Meadows Section One of record in Volume 156, Page 87, Harris County Map Records, Harris County, Texas and in Volume 6, Page 12 F.B.C.P.R. and continuing along the southeasterly line of said The Meadows, Section One, in all a distance of 803.47 feet to a 5/8 inch iron rod set marking an angle point in the southeast line of said The Meadows, Section One;

THENCE, North 19 deg. 59 min 10 sec. East, continuing along the southeasterly line of said The meadows, Section One, a distance of 202.46 feet to a 5/8 inch iron rod found in the southwesterly R.O.W. line of the aforementioned Dorrance Lane (60.00 feet wide);

EXHIBIT “A” CONTINUATION

THENCE, South 70 deg. 00 min. 50 sec. East, along said southwesterly R.O.W. line, a distance of 550.25 feet to a 5/8 inch iron rod found at the beginning of a tangent curve to the right;

THENCE, continuing along said Southwesterly R.O.W. line, a distance of 148.02 feet along the arc of said curve to the right, having a radius of 1070.00 feet, a central angle of 07 deg. 55 min. 33 sec., and a chord which bears South 66 deg. 03 min. 04 sec. East, 147.90 feet to a 5/8 inch iron rod set for corner

THENCE, South 24 deg. 18 min. 46 sec. West, departing said R.O.W. line, a distance of 295.73 feet to an “X” set in concrete and for an angle point;

THENCE, North 45 deg. 55 min. 00 sec. West, a distance of 70.00 feet to an “X” set for an angle point;

THENCE, South 44 deg. 05 min. 00 sec. West, a distance of 353.18 feet to an “X” set for an angle point;

THENCE, South 45 deg. 55 min 00 sec. East, a distance of 13.86 feet to the POINT OF BEGINNING and containing 14.457 acres (629,745 square feet) of land, more or less.

EXHIBIT “B”

Being a tract or parcel containing 3.139 acres (136,753 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas, James Alston Survey, Abstract Number 101, Fort Bend County, Texas; being out of and a part of a certain called 12.9242 acre tract, conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F.) Number 9032939, Fort Bend County, Texas; said 3.139 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939):

BEGINNING at a 5/8-inch iron rod found marking the most easterly corner of THE MEADOWS, SECTION ONE, a subdivision of record in Volume 156, Page 87, Harris County Map Records (H.C.M.R.), and in the southwesterly line of PARKGLEN, SECTION THREE, a subdivision of record in Volume 163, Page 67, H.C.M.R., and marking the most northerly corner of the herein described tract;

THENCE, South 70°00’50” East, along said southwesterly line of PARKGLEN, SECTION THREE, at a distance of 200.00 feet passing a 5/8-inch iron rod found at the end of the westerly right-of-way (R.O.W.) line of Burlingame Street (60 feet wide), at 260.00 feet passing a point in the southwesterly line of PARKGLEN, SECTION TWO, a subdivision of record in Volume 156, Page 80, H.C.M.R., and the end of the most easterly R.O.W. line of said Burlingame Street, continuing along the southwesterly line of said PARKGLEN, SECTION TWO, a total distance of 346.21 feet to a 5/8-inch iron rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19°59’10” West, a distance of 395.00 feet to a 5/8-inch iron with cap set in the northerly R.O.W. line of Dorrance Lane (60 feet wide) marking the most southerly corner of the hereto described tract;

THENCE, North 70°00’50” West, along said northerly R.O.W. line of Dorrance Lane, a distance of 346.21 feet to a 5/8-inch iron rod found in the southeasterly line of the aforementioned THE MEADOWS, SECTION ONE and marking the most westerly corner of the herein described tract;

THENCE, North 19°59’10” East, along said southeasterly line of THE MEADOWS, SECTION ONE, a distance of 395.00 feet to the POINT OF BEGINNING and containing 3.139 acres (136,753 square feet) of land.

EXHIBIT “C”

Being a tract or parcel containing 3.518 acres (153,240 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas and James Alston Survey, Number 101, Fort Bend County, Texas, being out of and a part of a certain called 12.9242 acre tract, conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F .) Number 9032939, Fort Bend County, Texas, and being the same called 3.518 acres recorded under F.B.C.C.F. Number 9669300 and Harris County Clerk’s File Number S174462, Harris County, Texas; said 3.518 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939):

BEGINNING at a 5/8-inch iron rod with cap set in the northerly right-of-way (R.O.W.) line of Dorrance Lane (60 feet wide) and in the arc of a curve to the left, marking the most westerly corner of Reserve “C”, of MEADOWS CENTER, SECTION ONE, a subdivision of record in Volume 346, Page 133, Harris County Map Records (H.C.M.R.) and under Slide Number. 1086A, Fort Bend County Map Records and marking the most southerly corner of the herein described tract from which a 5/8-inch iron rod found bears South 49 deg. 46 min. West, 0.39 feet;

THENCE, 16.16 feet, along said northerly R.O.W. line of Dorrance Lane and the arc of said curve to the left, having a radius of 1,130.00 feet, a central angle of 00 deg. 49 min. 09 sec. and a chord which bears North 69 deg. 36 min. 39 sec. West, 16.15 feet to a 5/8-inch iron rod with cap set marking a point of tangency;

THENCE, North 70 deg. 00 min. 50 sec. West, continuing along said northerly R.O.W. line of Dorrance Lane, a distance of 204.04 feet to a 5/8-inch iron rod with cup set marking the most westerly comer of the herein described tract, same being the most easterly line of a tract of land conveyed to Cavalry Enterprises (Texas, lnc.) as recorded under F.B.C.C.F. Number 9728787 and Harris County Clerk’s File Number S441594;

THENCE, North 19 deg. 59 min. 10 sec. East, along the said

Cavalry Enterprises tract, a distance of 395.00 feet to a 5/8-inch iron rod with cap set in the southwesterly line of PARKGLEN, SECTION TWO; a subdivision of record in Volume 156, Page 80, H.C.M.R., and for the most northerly corner of the herein described tract;

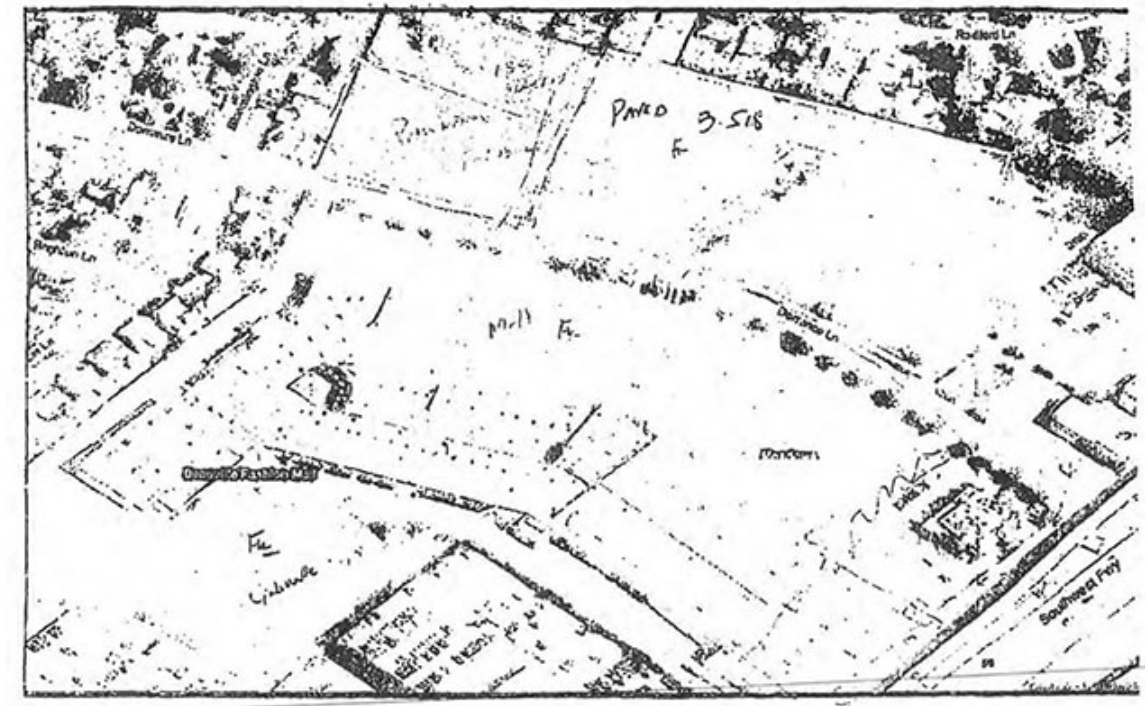
THENCE, South 70 deg, 00 min. 50 sec. East, along said southwesterly line of PARKGLEN, SECTION TWO, a distance of 687.05 feet to a 5/8-inch iron rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19 deg. 59 min. 10 sec. West, a distance of 100.00 feet to a 5/8-inch iron rod with cap set in the northeasterly line of the aforementioned Reserve “C” and for an angle point of the herein described tract;

THENCE North 70 deg. 00 min 50 sec. West, along said northeasterly line of Reserve “C”, a distance of 334.18 feet to a 5/8-inch iron rod with cap set marking the most northerly corner of said reserve “C” and for an interior angle of the herein described tract;

THENCE, South 44 deg. 11 min. 42 sec. West, along the northwesterly line of said Reserve “C” a distance of 323.57 feet (called 323.51 feet) to the POINT OF BEGINNING and containing 3.518 acres (153,240 square feet) of land, more or less.

Exhibit "D"



AMENDMENT TO LEASE AGREEMENT

This document dated August 26, 2011 is attended to amend that certain Lease Agreement by and between Beechnut FEC LLC and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto for the property commonly known as 12002 Southwest Freeway, Stafford TX 77477 and 11000 Dorrance Lane, Meadows Place, Texas 77477. For the purposes and considerations hereinafter set forth and in amendment to the above referenced lease agreement the Parties agree as follows:

1. Whereas the Lease Agreement requires monthly escrow payments to cover ad valorem property taxes levied on the Real Estate, as improved.

2. The Parties agree that it would be in the best interest of Landlord and Tenant to provide a separate escrow account for the tax payments.

3. The Parties agree that section 10.01 of the Lease shall be amended to read as follows:

10.01 As additional rent, Lessee will pay to Lessor it proportionate share of all ad valorem property taxes on the leased premises and improvements on the leased premises during the term of this Lease, based upon that percentage which the area of the leased premises bears to the total leasable area contained in the Shopping Center Building. Lessee shall pay to Lessor monthly, in advance, on the first day of each month, or upon receipt of a written monthly statement by Lessor, whichever is later, one-twelfth of the Tax Charge, in an amount estimated by Lessor based on the prior year's ad valorem tax bill without attorneys' fees, penalty and/or interest. Said payments shall be made into an escrow account set up for the sole purpose of administering the Tax Payments. The account shall be entitled "Texas Direct Property Escrow" and shall require two signatures for withdrawal. The signatures shall be by a representative of both Landlord and Tenant. No withdrawals are to be made without the consent and joinder of the representative of both Landlord and Tenant. Upon the written request by Lessee, Lessor shall furnish a letter setting forth the computation of the Tax Charge. Upon receipt of all tax bills and assessment bills attributable to any calendar year during the Lease Term, Lessor shall furnish Lessee with a written statement of the actual amount of the Tax Charge for such year. If the total amount paid by Lessee under this Section for any calendar year shall be less than the actual amount due from Lessee for such year, as shown on such statement, Lessee shall pay to Lessor on demand, as described below,

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the difference between the amount paid by Lessee and the actual amount due; and if the total amount paid by Lessee hereunder for any such calendar year shall exceed such actual amount due from Lessee for such calendar year, such excess shall be credited by Lessor against the Tax Charge due in the subsequent year (or if there is no subsequent year remaining in the Lease Term, such excess shall be offset against any amounts then owing by Lessee to Lessor and any remaining net surplus shall then be refunded by Lessor to Lessee). This Section shall apply to the calendar years in which this Lease commences and terminates, but Lessee's liability for the Tax Charge for such years shall be subject to a pro rata adjustment based on the number of days of such calendar years during which this Lease is in effect. A copy of a tax bill or assessment bill submitted by Lessor to Lessee shall at all times be sufficient evidence of the amount of taxes or assessments assessed or levied against the property to which such bill relates. Prior to or at the Commencement Date and from time to time thereafter Lessor shall notify Lessee of Lessor's estimate of Lessee's monthly installments or Tax Charge due hereunder, which estimate shall continue until Lessor notifies Lessee otherwise. The term "Tax Charge" means Lessee's proportionate share of the real estate taxes with respect to any calendar year during the Lease Term, together with any costs incurred by Lessor in such year to contest or seek reductions in real estate taxes (including fees of tax consultants and reasonable attorneys fees). No fees incurred prior to the date of this lease as amended shall be a part of the tax charge.

10.02 If there is presently in effect or hereafter adopted any nature of sales tax or use tax or other tax on rents or other sums received by Lessor under this Lease (herein referred to as "Rent Sales Tax"), then in addition to all rent and other payments to be made by Lessee as provided above, Lessee will also pay Lessor a sum equal to the amount of such Rent Sales Tax. The term "Rent Sales Tax" shall not include any income taxes applicable to Lessor.

10.03 In addition to the above, Lessee must pay all taxes and assessments levied or assessed upon any alterations, additions or fixtures and equipment, or other property which Lessee places on or about the leased premises. No portion of the taxes or assessments paid by Lessee under the terms of this Article shall be credited against any other rental obligation hereunder.

10.04 All such tax payments shall be timely made by Landlord and Tenant. If the tax statement exceeds the available amount in escrow referable to Tenant's tax obligation, said amount shall be paid by Landlord, in such a manner as to avoid penalties and interest. Such sums referable to Tenant's use of the premises (after pro rata adjustments for, occupancy time of and percentage use of the Leased Premises as it bears to the total leaseable area) shall be payable by Tenant to Landlord within thirty (30) days of receipt of notice of such amounts being due from Landlord.

10.05 In the event Landlord does not timely pay the ad valorem taxes, by the due date to avoid all penalty and interest, Landlord shall notify Tenant at least ten (10) days prior to the due date, as defined above, of its inability to timely pay the ad valorem taxes on the property. Upon such notification and/or receipt of actual knowledge of Landlord's inability to pay, Tenant may at its option pay the ad valorem taxes in full, and receive all sums in the tax escrow account, by way of set-off, against the sums paid and/or deduct said sums paid to ad valorem taxes from future rent to the extent that Tenant is reimbursed in full for all ad valorem taxes it has paid on the property, for the benefit of Landlord. This right shall apply to all ad valorem taxes on the premises, whether or not leased to Tenant.

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10.06 The Parties agree, by execution herein, that this Lease Amendment is settlement of a dispute, and that as of date of execution hereof both Landlord and Tenant are in full compliance with the terms of this Lease and without default.

10.07 Notwithstanding the foregoing, the escrow account payments shall begin with the October 2011 payment of estimated ad valorem taxes. The August and September 2011 ad valorem estimated tax payments shall be paid directly to Landlord as previously provided, prior to the Lease Amendment.

10.08 Any penalty and Interest on ad valorem taxes shall be charged to the Party incurring same subject to the terms herein. Tenant shall not be liable to Landlord or any third party for penalty and interest resulting from Landlord failing to timely pay all taxes as described in section 10.05, and shall be entitled to reimbursement of such penalty and interest as provided in section 10.05.

A monthly statement of the escrow account shall be delivered to both Parties by the bank showing the balance in the account.

Executed and Agreed to this 26th day of August 2011.

Beechnut FEC, LLC,
a Texas limited liability company

By: /s/ Farooq Khan
Farooq Khan, Manager

By: /s/ Asma Khan
Asma Khan, Manager

Left Gate Property Holding, Inc. d/b/a
Texas Direct Auto,

By: /s/ Rick Williams
Rick Williams, President

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RW

LEASE AGREEMENT

STATE OF TEXAS §
COUNTIES OF FORT BEND AND HARRIS §

THIS LEASE AGREEMENT is made and entered into this 21 day of May, 2011, by and between SOHANI HERITAGE TRUST, hereinafter referred to as Lessor, and LEFT GATE PROPERTY HOLDING, INC. D/B/A/ TEXAS DIRECT AUTO, a Texas corporation doing business as "Texas Direct Auto", hereinafter referred to as Lessee.

In consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor the following: (i) approximately 133,060 square feet constituting part of the Shopping Center Building located at and commonly known as 12002 Southwest Freeway, Stafford, Fort Bend County, Texas, more particularly outlined or described in the Exhibit "A" attached hereto; and (ii) approximately 4-acre tract of land commonly known as 11000 Dorrance Lane, Meadows Place, Harris County, Texas, and more particularly outlined or described in the Exhibit "B" attached hereto. The real properties described in Exhibits "A" and "B" arc collectively called the "leased premises" or "premises".

ARTICLE 1. TERM

1.01 The term of this Lease shall be ninety-eight (98) consecutive calendar months, commencing thirty (30) days after approval of the City of Meadows Place Zoning Committee of Lessee's Amended Use Application and ending 11:59 pm Houston, Texas time on 98 consecutive calendar months later, unless sooner terminated as herein provided. Lessee shall be given unrestricted access to the Premises upon approval by the City of Meadows Place of its Amended Use Application; save that Landlord or its assigns shall have thirty (30) days after the City of Meadows Place Approval to move out. Lessee shall grant reasonable access to facilitate move out.

1.02 Lessee shall have the right to take possession of the leased premises as described above, even though base rent does not commence until sixty (60) days after possession. Upon receipt of possession of the Premises and notwithstanding anything to the contrary contained in this Lease, Lessee shall be subject to all of the obligations of this Lease to be performed by Lessee, including but not limited to payment of the insurance and taxes obligations herein described (except the obligation to pay base rent.)

ARTICLE 2. USE OF PREMISES, WASTE, NUISANCE, AND UNLAWFUL USE PROHIBITED

2.01 The leased premises shall be used and occupied by Lessee only as an automobile dealership/distribution center with possible rental car business and other auto related businesses.

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Lessee RW

2.02 Lessee may not commit, or suffer to be committed, any waste on the leased premises, nor may Lessee maintain, commit, or permit the maintenance or commission of any nuisance on the leased premises or use the leased premises for any unlawful purpose.

2.03 Lessee may not do or permit anything to be done in or about the leased premises that will in any way conflict with any law, ordinance, rule, or regulation, affecting the occupancy and use of the leased premises, that has been or may be enacted or promulgated by any public authority; or commit, or suffer to be committed, any waste on the leased premises; or in any way obstruct or interfere with the rights of Lessor's other lessees, or injure or annoy them; or allow the leased premises to be used for any improper, immoral, unlawful, or objectionable purpose; or prepare, manufacture, mix, or allow to be prepared, manufactured, or mixed in the leased premises anything that might emit an odor into the surrounding areas or corridors, hallways, and lobby of the building in which leased premises are situated; or use any device in connection with the leased premises that will in any way increase the amount of electricity or water usually furnished to them. As a condition Precedent to this Lease, Lessee shall be able to obtain necessary permits and rights to conduct its intended business, as stated above, due to municipal laws and other governmental regulations. This condition shall survive execution hereof. Lessee shall obtain such rights and permits within one hundred twenty (120) days or this Lease shall terminate and all obligations of Lessee shall terminate. Notwithstanding any term herein Lessee shall have the right to terminate this Lease at any time during the entire term of the Lease should the city of Meadows Place withdraw Lessee's right to conduct its business as defined herein and all obligations for any rental shall cease. Lessee agrees to use all reasonable efforts to preserve these rights.

ARTICLE 3. RENT

3.01 Lessee agrees to and shall pay Lessor at 7000 Harwin Drive, Houston, Texas 77036, or at such other place as the Lessor shall designate from time to time in writing without any prior demand and without any deduction, abatement, or setoff, as initial base rent, the total sum of $45,000.00 per month payable as follows:

(a) There shall be no base rent due for the period of sixty (60) days after approval by the City of Meadows Place of Lessee's Amended Use Application. Thereafter, rent shall be due and payable in twenty-four (24) successive monthly installments of $45,000.00 each, in advance. The first such payment plus any additional rent as contemplated herein being due and payable on or before the first (1st) day of the month following sixty (60) days after approval as noted above, and a like payment being due and payable on or before the first (1st) day of each succeeding month thereafter for twenty four (24) consecutive months; and

(b) Thereafter rent shall be due and payable in seventy-two (72) successive monthly installments of $50,000.00 each, in advance.

3.02 In the event said monthly rental payment is not received by Lessor by the fifth(5th) day of the month, then Lessee agrees to pay to Lessor as a rental obligation a late charge equal to five (5%) percent of the rental obligation in arrears, such charge to be added to such arrearage; provided, however, that the foregoing shall not be construed to be in conflict with the provisions of Article 13 hereof, but the acceptance of arrearage payments shall be optional with Lessor.

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Lessor SA
Lessee RW

ARTICLE 4. OPTION TO RENEW

4.01 Lessee is hereby granted the option to renew this Lease for an additional term of five (5) years, being sixty (60) consecutive calendar months, hereinafter called “extended term,” on similar terms, covenants and conditions herein contained, subject to the following conditions which shall be applicable to said extended term:

(a) Lessee is not in default of this Lease.

(b) Lessor shall have received written notice of Lessee’s intention to exercise said option no later than January 1, 2019, being six (6) months prior to the expiration of the primary term of the Lease.

(c) During the extended term, Lessee shall pay Lessor as fixed minimum rent, payable in sixty (60) successive monthly installments of $55,000.00 each, in advance, the first such payment plus any additional rent as contemplated herein being due and payable on or before the first (1st) day of August, 2019, and a like payment being due and payable on or before the same day of each succeeding month thereafter until the final payment is made on July 1, 2024.

ARTICLE 5. SECURITY DEPOSIT

5.01 Lessee has this day deposited with Lessor the additional sum of $45.000.00 (the “security deposit”), receipt of which is hereby acknowledged by Lessor as security for the full and faithful performance by Lessee of the terms, conditions, and covenants of this Lease. The security deposit does not constitute advance payment of the final rental payment due herein.

5.02 Excluding the final rental payment to be made herein, if at any time during the term hereof Lessee shall be in default in the payment of rent herein reserved or any portion thereof, or of any other sums payable to Lessor hereunder, other than advance rental payments, Lessor may appropriate and apply any portion of the security deposit as may be necessary to the payment of the overdue rent or other sums.

5.03 If at any time during the term hereof, Lessee should fail to repair any damage to the premises that it is required to repair pursuant to the terms hereof for a period greater than ten (10) days after written demand to make such repair is served on Lessee by Lessor, then Lessor may appropriate and apply any portion of the security deposit as may be reasonably necessary to make such repairs.

5.04 If on termination of this tenancy for any reason, Lessee does not leave the leased premises in reasonably clean condition, excluding “normal wear and tear,” then Lessor may appropriate and apply any portion of the security deposit as may be reasonably necessary to put the premises in such clean condition. As used herein, the term “normal wear and tear” means that deterioration which occurs, based upon the use for which the premises herein are intended, without negligence, carelessness, accident, or abuse of the premises or equipment or chattels by the Lessor, or his invitees or guests.

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5.05 Within thirty (30) days after Lessee surrenders the leased premises, the Lessor may return to the Lessee the balance of the security deposit, if any, to such an address as Lessee shall prescribe in writing for such purpose, provided that, (i) Lessee has notified Lessor of its intended surrender of the premises at least ninety (90) days prior to surrender of the premises, and (ii) Lessee is not in default of this Lease.

ARTICLE 6. UTILITIES

6.01 Lessee shall promptly pay all costs and expenses of gas, electricity, telephone other utilities and services furnished to the leased premises.

6.02 Lessee shall promptly pay all costs and expenses of water and sewage services furnished to the leased premises.

6.03 Lessee shall pay the cost and expenses of removing its trash and garbage from the premises unless such services are furnished by the municipality in which the leased premises are located, but in any event, it is Lessee's obligation to remove trash and garbage from the premises, however the same may be accomplished.

ARTICLE 7. MAINTENANCE, REPAIRS AND ALTERATIONS

7.01 Lessee will at its own cost and expense repair the parking area, damage to the foundation, roof, or to the exterior walls of the premises including, but not limited to plate glass and doors, heating and air conditioning equipment (whether roof mounted or otherwise affixed outside the leased premises); electrical and plumbing equipment; all fixtures; all wiring and plumbing lines (whether exposed or concealed); doors, door frames, molding, trim, windows, window frames, closure devices, hardware, plate glass and floor covering. Lessee shall not make or permit any penetration in the roof above the leased premises and shall be responsible for all rooftop flashing around the rooftop air conditioning unit. If any such roof penetration is required in connection with Lessee's repair responsibilities, Lessor shall perform such roof penetration at Lessee's cost, which shall be paid upon demand. If Lessor considers necessary any repairs, maintenance or replacements required to be performed by Lessee, under this Lease, and if Lessee refuses or neglects to perform the same after reasonable notice (except in the event of an emergency, when no prior notice shall be required), Lessor shall have the right (but shall not be obligated), to perform such repair, maintenance or replacement and Lessee will pay the cost thereof on demand. All maintenance and repairs, except as is expressly made Lessor's obligations under the provisions in this Lease, shall be promptly and efficiently carried out at Lessee's expense.

7.02 Cumulative of the above, Lessee shall not commit nor permit any waste nor injure the premises, but will take good care of the same, Lessee agreeing to maintain and keep same in good and constant repair at its sole cost and expense, including plumbing both concealed and exposed within and without the premises to any connection with the City of Meadow or other municipal sewer system, heating, gas, water, sewer, air conditioning, electrical and other

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connections, installations and systems, hardware, doors, windows and glass, and all fixtures, equipment, connections and appurtenances, in any way relating to the foregoing, without exception. At the end of this Lease, Lessee will surrender said premises to Lessor in good condition except for ordinary wear and tear, except to the extent that Lessor has any express obligation to repair the premises under the terms of this Lease. Lessee will not overload the slab or foundation, do or cause anything to be done which will have the effect of overloading or damaging the slab or foundation, this being a condition of this Lease.

7.03 Lessor reserves the right but does not have the obligation, to enter the leased premises at any reasonable time to inspect the condition thereof.

7.04 Lessor further reserves the right, but not the duty, to repair or maintain the premises or any part thereof in those instances where Lessee is obligated to do so, and the reasonable and necessary costs thereof shall constitute a demand obligation against the Lessee, together with interest thereon at the maximum rate provided by law and reasonable expenses and attorney's fees for the collection thereof, all of which shall constitute a rental obligation.

7.05 Lessee shall be allowed to make any reasonable alterations or additions to the premises in furtherance of its stated purposes. The same shall be accomplished in a good and workmanlike manner in strict accordance with all laws and regulations and at Lessee's sole cost and expense. All such additions shall remain as a part of the premises. Subject to the lien and security interest and other rights of Lessor, Lessee shall remove only "Removable Trade Fixtures," as hereinafter defined, (excluding all components of the HVAC system, pipes, paneling or other wall covering or floor covering), and, in addition to other applicable provisions of this Lease regarding such removal, the following shall apply: (1) such removal must be made prior to the termination of the term of this Lease; (2) Lessee must not be in default of any obligation or covenant under this Lease at the time of such removal; and (3) such removal must be effected without damage to the leased premises or the building of which the leased premises are a part and Lessee must promptly repair all damage caused by such removal. For the purposes hereof, the phrase "Removable Trade Fixtures" includes, but not limited to the following: all of Lessee's signs, tables, chairs, desks, racks, merchandisers and displayers, standards, wall brackets,hang-rods, shelves, marking equipment, cash registers, automotive lifts, equipment and other business machines.

All plumbing or electrical wiring connections exposed as a result of the removal of Lessee's Removable Trade Fixtures, or other alterations, additions, fixtures, equipment and property installed or placed by it in the leased premises (if such removal is so requested by Lessors) shall be capped by Lessee in a safe and workmanlike manner.

7.06 Lessee shall pay the full amount of all taxes, assessments, impositions, levies, charges, excises, fees, licenses and other sums levied, assessed, charged or imposed by any governmental authority or other taxing authority upon Lessee's leasehold interest under this Lease and all alterations, additions, fixtures (including Removable Trade Fixtures), inventory and other property installed or placed or permitted at the leased premises by Lessee. Within thirty (30) days after notice from Lessor, Lessee shall furnish Lessor a true copy of receipts evidencing such payment received by Lessee from the governmental authority or other taxing authority assessing such charges.

Initial of
Lessor SA
Lessee RW

7.07 Lessor disclaims any warranty of suitability that may arise either by operation of law, or have be by accepting Lessee's use of the leased premises and makes no warranty regarding any latent defects or the suitability of the premises for Lessee's purposes. Lessor makes no warranty, and Lessee releases Lessor from any and all loss, claim, damages, or other liability resulting from the premises, geographic area, condition of streets, roads, highways, utilities, infrastructure, etc. not being suitable, or as anticipated by Lessee, including, but not limited to the loss of customer traffic in or around the building due to road or other construction, detours, damage to utility lines, whether or not any such construction or damage is the result of Lessor's action or that of any other party. Furthermore, Lessee acknowledges that Lessor offers no warranty of suitability covering any portion of the premises or facilities, including, but not limited to items, materials, equipment, etc. that Lessee has undertaken the maintenance and repair responsibilities thereof.

7.08 In any instance where the Lessee undertakes any repair, maintenance, improvement or any other work in regard to the premises (but only with written consent of the Lessor, if given), Lessee shall not permit any lien to attach to the premises, whether voluntary or otherwise, and in no event shall the premises nor this Lease be subject thereto nor shall Lessor have any liability whatsoever in connection therewith, and Lessee shall protect, indemnify and save Lessor harmless from all such liability and any expense incurred by Lessor in connection therewith, including the protection afforded Lessor under the provisions of Article 9 hereof.

7.09 Lessee shall not use or suffer or permit any person to use in any manner whatsoever the premises or any part or portion thereof for any purpose calculated to injure the reputation of the premises nor of the neighboring property nor for any purpose or use in violation of the laws of the United States or of the State of Texas or of Fort Bend and/or Harris Counties or of the ordinances of the Cities of Meadows Place and/or Stafford, nor for any immoral or unlawful purpose whatsoever, nor suffer or permit nuisances upon said premises. Lessee shall at all times keep the premises in a neat, clean and sanitary condition, and comply with all valid laws, ordinances, rules and regulations made by the Cities of Meadows Place and/or Stafford or the Counties of Fort Bend and/or Harris or of the State of Texas or the United States or any governmental authority applicable to the occupancy or use of the premises, including all laws, rules and regulations respecting fire and fire hazards, and will not prevent or interfere with compliance by Lessor with any and all such laws, rules and regulations applicable to said premises, and Lessee agrees to take the same care of the premises as a reasonable man would take of its own property, and Lessee shall promptly repair, at Lessee's cost and expense, any damages to the premises or any part thereof caused by the negligence of Lessee or Lessee's family, agents, servants, employees, contractors, guests or customers, or otherwise.

7.10 Lessee acknowledges its independent inspection of the premises and same are accepted by it in present condition, and it acknowledges same to be suitable for the purposes and use to be made thereof.

Initial of
Lessor SA
Lessee RW

ARTICLE 8. INSURANCE

8.01 As additional rent, Lessee will pay to Lessor it proportionate share of all casualty insurance on the leased premises and improvements on the leased premises during the term of this Lease, based upon that percentage which the area of the leased premises bears to the total leasable area contained in the Shopping Center Building. Lessee shall pay to Lessor monthly, in advance, on the first day of each month, one-twelfth of the Insurance Charge. Upon request and each time an adjustment is made, Lessor shall furnish Lessee with a notice of the required monthly installment of the Insurance Charge. Upon written request by Lessee, Lessor shall furnish a letter setting forth the amounts of the insurance premiums upon which the Insurance Charge was calculated. The term "Insurance Charge" means Lessee's proportionate share of the insurance premiums payable by Lessor for any insurance obtained by Lessor with respect to the operation, ownership or use of the leased premises for any calendar year during the Lease Term.

8.02 Lessee agrees to take out and maintain at all times during the lease term a policy of fire and extended coverage insurance on the leased premises (including, but not limited to the rooftop HVAC and plate glass) naming Lessor as Loss Payee. Such policy shall contain a replacement cost endorsement. In the event that there is damage or loss to the leased premises by reason of fire or other casualty, and such fire or casualty is caused in whole or in part by acts or omissions of Lessor, its agents, servants or employees, then Lessee agrees to look solely to its insurance proceeds (if any); and Lessee shall have no claim or right of recovery against Lessor, or the agents, servants or employees of Lessor; and no third party shall have any claim or right of recovery by way of subrogation or assignment or otherwise. Such insurance policy shall contain a loss payable clause designating Lessor as loss payee. Lessee shall be responsible for the safety and personal well being of Lessee's employees. Lessee agrees that Lessor shall not be responsible or liable to Lessee or those claiming under Lessee (including, without limitation, Lessee's agents, servants, employees, customers and invitees) for injury, death or damage or loss occasioned by the acts or omissions of persons occupying any other part of the leased premises or occasioned by the condition of the leased premises or property of any other occupant of any part of the leased premises or the acts or omissions of any other person or persons present at the building of which the leased premises are a part of who are not occupants of any part thereof, whether or not such persons are present with the knowledge or consent of Lessor; and Lessee agrees to indemnify and hold Lessor harmless from all losses, claims, suits, actions, damages, and liabilities arising (or alleged to arise) therefrom.

8.03 Lessee will take out and maintain, at its own cost and expense, commercial general liability insurance coverage in a minimum amount of $ 2,000,000.00 combined single limit and shall include products liability coverage. Such policy shall name Lessor (and any of its affiliates, subsidiaries, successors and assigns designated by Lessor) and Lessee as the insureds. If Lessee is engaged in any way in the sale of alcoholic beverages, either for consumption of alcoholic beverages on the premises or off the premises, Lessee will also maintain liquor liability insurance with the limits of not less than $ 2,000,000.00 each common cause and $2,000,000.00 aggregate. If written on a separate policy from the commercial general liability policy, such policy shall name Lessor (and any of its affiliates, subsidiaries, successors and assigns designated by Lessor) as an additional insured.

Initial of
Lessor SA
Lessee RW

8.04 Lessee, at its own expense, shall provide and maintain in force during the lease term, for all claims, demands, or actions arising out of Lessee's use and occupancy of the premises in the minimum amount of $ 2,000,000.00 including coverage in accordance with Environmental Requirements as described in Article 23. The policy shall cover Lessor as well as Lessee and shall be with one or more insurance companies authorized to transact business in Texas and approved by Lessor.

8.05 Lessee, at its own expense, shall provide and maintain in force during the term of this Lease, for all claims, demands, or actions arising out of an employee's death or incapacitating personal injury sustained in the course of employment, workers' compensation insurance through any insurance company or through self-insurance, as provided in the Texas Workers' Compensation Act.

8.06 Lessee shall furnish Lessor with certificates of all insurance required by this Article. If Lessee does not provide the certificates when Lessor delivers possession to Lessee, or if Lessee allows any insurance required under this Article to lapse, Lessor may, at its option, take out and pay the premiums on the necessary insurance to comply with Lessee's obligations under this Article. Lessor is entitled to immediate reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest at the rate of eighteen percent (18%) annually from the date of payment by Lessor until reimbursement.

ARTICLE 9. INDEMNIFICATION

9.01 Lessee agrees to indemnify and hold Lessor harmless against any and all claims, demands, damages, costs and expenses, including bond premiums and reasonable attorney's fees incurred by Lessor, arising from Lessee's: (i) conduct or management of Lessee's business, (ii) use of the premises, (iii) breach on the part of the Lessee of this Lease, or (iv) act of negligence of Lessee, its agents, contractors, employees, guests, invitees, licensees, concessionaires, and others claiming by, through or under Lessee in or about the premises.

9.02 Lessor shall have no liability due to the premises or any appurtenance thereof becoming out of repair nor for damage resulting from leakage of water or any other substance, or from latent defects, Lessee agreeing to protect, indemnify and save Lessor harmless from all claims and causes of action in any way relating thereto within the indemnity clause hereof.

9.03 Lessor shall not be liable to Lessee or to any other person on the leased premises for any loss or damage to the person or property of such other person caused by any act of negligence whatsoever or due to any building on the premises or its appurtenances being improperly constructed or being or becoming out of repair and Lessee hereby agrees to indemnify Lessor and hold it harmless from any loss, expense and claims arising out of such damage or injury.

ARTICLE 10. TAXES AND ASSESSMENTS

10.01 As additional rent, Lessee will pay to Lessor it proportionate share of all ad valorem property taxes on the leased premises and improvements on the leased premises during the term of this Lease, based upon that percentage which the area of the leased premises bears to the total

Initial of
Lessor SA
Lessee RW

leasable area contained in the Shopping Center Building. Lessee shall pay to Lessor monthly, in advance, on the first day of each month, one-twelfth of the Tax Charge, in an amount estimated by Lessor. Upon the written request by Lessee, Lessor shall furnish a letter setting forth the computation of the Tax Charge. Upon receipt of all tax bills and assessment bills attributable to any calendar year during the Lease Term, Lessor shall furnish Lessee with a written statement of the actual amount of the Tax Charge for such year along with copies of the tax statements. If the total amount paid by Lessee under this Section for any calendar year shall be less than the actual amount due from Lessee for such year, as shown on such statement, Lessee shall pay to Lessor on demand the difference between the amount paid by Lessee and the actual amount due; and if the total amount paid by Lessee hereunder for any such calendar year shall exceed such actual amount due from Lessee for such calendar year, such excess shall be credited by Lessor against the Tax Charge due in the subsequent year (or if there is no subsequent year remaining in the Lease Term, such excess shall be offset against any amounts then owing by Lessee to Lessor and any remaining net surplus shall then be refunded by Lessor to Lessee). This Section shall apply to the calendar years in which this Lease commences and terminates, but Lessee's liability for the Tax Charge for such years shall be subject to a pro rata adjustment based on the number of days of such calendar years during which this Lease is in effect. A copy of a tax bill or assessment bill submitted by Lessor to Lessee shall at all times be sufficient evidence of the amount of taxes or assessments assessed or levied against the property to which such bill relates. Prior to or at the Commencement Date and from time to time thereafter, Lessor shall notify Lessee of Lessor's estimate of Lessee's monthly installments or Tax Charge due hereunder, which estimate shall continue until Lessor notifies Lessee otherwise. The term "Tax Charge" means Lessee's proportionate share of the real estate taxes with respect to any calendar year during the Lease Term, together with any costs incurred by Lessor in such year to contest or seek reductions in real estate taxes (including fees of tax consultants and reasonable attorneys fees). Notwithstanding the foregoing, nothing contained herein shall obligate Lessee to pay any Ad Valorem taxes relating to the Leased Premises or improvements thereon, from previous years, including any penalty and interest referable to same, or any penalty and/or interest for any year(s) which Lessee occupies the Premises.

10.02 If there is presently in effect or hereafter adopted any nature of sales tax or use tax or other tax on rents or other sums received by Lessee under this Lease (herein referred to as "Rent Sales Tax"), then in addition to all rent and other payments to be made by Lessee as provided above, Lessee will also pay Lessor a sum equal to the amount of such Rent Sales Tax. The term "Rent Sales Tax" shall not include any income taxes applicable to Lessor.

10.03 In addition to the above, Lessee must pay all taxes and assessments levied or assessed upon any alterations, additions or fixtures and equipment, or other property which Lessee places on or about the leased premises. No portion of the taxes or assessments paid by Lessee under the terms of this Article shall be credited against any other rental obligation hereunder.

ARTICLE 11. ASSIGNMENT AND SUBLETTING

11.01 Assignment by Lessor. Lessor shall have the absolute and unconditional right to assign this Lease without the written consent of Lessee.

Initial of
Lessor SA
Lessee RW

11.02 **Assignment and Assumption by Lessee**. As other Leases on, in or about the shopping center and/or property owned by Lessor expire, Lessor agrees Not to Lease the Premises or to extend said Lease, and further agrees to allow Lessee to occupy these spaces as Lessee under this Lease without rental increase for said space.

11.03 Lessee shall have the absolute right to sublet and/or subdivide any space on the Leased Premises in association with its intended use, including the right to collect rents, occupy space, and grant leases in businesses reasonably associated with its intended use of the Premises, without authorization or permission of Lessor. Any such sublet and/or subdivision shall not relieve Lessee from the Obligations under this Lease.

ARTICLE 12. LESSOR'S LIEN

12.01 To secure payment of all rental obligations and obligations from for insurance and tax escrow payments due and to become due hereunder, and the faithful performance of this Lease by Lessee, Lessee hereby grants an express security interest and Lessor's lien to Lessor on all property, chattels or merchandise which Lessee and those in privity with it may place in or about the leased premises, save and except Lessee's Inventory. Lessor will not unreasonably withhold its consent to specifically subordinate to any purchase money security interest in and to any inventory, fixtures or equipment installed at the leased premises in accordance with the terms of this Lease; however, such consent shall be by writing only and given only in the event Lessee is not in default hereunder.

ARTICLE 13. DEFAULT

13.01 If Lessee should fail (i) to pay the full amount of any rental obligation when due or (ii) to cure any other default, or where Lessee shall make or suffer an assignment for the benefit of its creditors or becomes insolvent, or files or suffers a petition in bankruptcy, or under any portion of the Bankruptcy Act, or is adjudicated a bankrupt, or abandons the premises, or if the Lessee's leasehold estate is sold or attempted to be sold or seized under any judicial process, or under execution, or passes by operation of law or in any manner which is involuntary as to Lessee, without the necessity of notice or demand, Lessor by reason of any of the foregoing occurrences, in addition to any other right or remedy at law or in equity may, at Lessor's option, either terminate this Lease or without terminating this Lease, terminate Lessee's right to possession, and Lessor may re-enter and reposes the premises (any damage by reason of such re-entry being hereby waived). Lessor may institute any action for recovery of rental obligations and other damages suffered by Lessor as the same accrue or at the end of the term of this Lease, or may treat Lessee's default as an entire breach of lease and recover rental obligations for the remainder of the term and such other damages to which Lessor may be entitled, either in one or in separate and distinct actions, in addition to Lessor's rights and remedies at law and in equity, as Lessor may from time to time elect to exercise. Cumulative of the foregoing, Lessor may re-enter, repossess and rent the premises or any part thereof to anyone at such rental, and upon such provisions, terms and conditions as Lessor deems practicable, and credit to Lessee any rental thus received, less the expenses of re-renting, including broker's commissions and making said premises suitable for use by subsequent tenancies, all of which shall constitute rental obligations of the Lessee. Lessor shall, in no event, be liable for failure to re-rent the premises or if the premises are re-rented, for failure

Initial of
Lessor SA
Lessee RW

to collect the rent due under such re-renting, nor shall Lessee be entitled to any surplus rents should the rental be greater than that now or hereafter specified, at any time hereafter. Any re-entry by Lessor shall be without prejudice to any right or remedy of Lessor for its damages, including collection of any unpaid rental obligations.

13.02 In addition to the foregoing, Lessee in the event of its default shall be obligated to pay reasonable expenses incurred by Lessor for the collection of any rental obligation and/or the enforcement of this Lease against the Lessee, including reasonable attorney's fees, all being rental obligations on Lessee's part.

13.03 To give effect to Lessor's security interest and liens, following default hereof by the Lessee and notice to the extent hereinabove required, Lessor shall have the further right to thereafter reenter the premises and take possession of the supplies, chattels, furniture, fixtures, and other property owned by Lessee or placed in the premises, and after giving Lessee at least ten days' written notice in the manner hereinafter prescribed of the time, place and date of sale, may proceed to conduct a private or public sale of said property at one or more sales, and to deliver title thereto to the highest bidder for cash, applying the proceeds of such sales to the payment of Lessee's rental obligations and other damages, accrued and to accrue, in such order as Lessor may elect. Lessor shall have the right to bid in at such sale to the same extent as any third party. Lessor shall have the further right in the contingency herein stated, to padlock the premises or remove all of said property to a public or private warehouse at Lessee's expense, without the necessity of any further notice in this regard.

ARTICLE 14. EMINENT DOMAIN

14.01 If all of the premises is taken during the term of this Lease by right of eminent domain or by condemnation, then this Lease shall terminate and all right, title and interest of the Lessee in this leasehold estate shall vest entirely in Lessor at the time of the taking, as that term is hereinafter defined. In the event of a partial taking, by Eminent Domain Lessee may elect, in its sole discretion, to terminate the Lease in the event that the taking materially and substantially interferes with the conduct of its business as hereinabove described. In the event that Lessee elects to continue the Lease the minimum rental shall be proportionately adjusted for the balance of the term.

14.02 All sums awarded or agreed upon between Lessor and the condemning authority for the taking of the fee, whether as damages, compensation, or otherwise, are hereby set over, assigned and are vested in Lessor free of all claims, right, title and/or interest of Lessee, and all of such sums of every nature will be the property of the Lessor.

14.03 A voluntary conveyance by Lessor to any authority under threat of taking under the power of eminent domain or condemnation in lieu of formal proceedings shall be deemed a taking within the meaning of this Article. Lessor is hereby vested with the sole and exclusive right to enter into any form of conveyance and upon such terms, provisions and conditions as Lessor in its sole discretion may deem advisable or appropriate under the then existing circumstances, free and clear of any claim, right, title, interest or equity on the part of the Lessee.

Initial of
Lessor SA
Lessee RW

14.04 The taking of any easement or right-of-way shall not impair or affect this Lease in any manner whatsoever, whether by voluntary conveyance or by formal proceedings and Lessee shall have no right, title, interest or equity in the proceeds received in connection therewith by Lessor.

14.05 A "taking" as that term is used herein shall mean the date that physical possession of the leased premises or the part thereof, as the case may be, is acquired by the authority exercising said power whether such taking is under formal proceedings or by voluntary conveyance by Lessor.

ARTICLE 15. CERTAIN DAMAGE TO PREMISES

15.01 In the event that the premises shall be partially damaged (as distinguished from "substantially damaged" as that term is hereinafter defined) by fire, the elements, casualty, or by any other cause, Lessee agrees to give Lessor immediate notice thereof and subject to the provisions of paragraph 15.05 hereof, Lessor may forthwith proceed to repair such damage and restore the premises, or so much thereof as was originally constructed by Lessor to substantially their condition at the time of such damage, to the extent to which insurance proceeds may be available for such repair or restoration; but Lessor shall not be responsible for any delay which may result from any cause beyond its control.

15.02 In case during the term hereof, the premises shall be substantially damaged or destroyed by fire, the elements, or casualty, Lessor shall have the option to terminate this Lease or rebuild the premises. In the event Lessor elects to rebuild the premises, this Lease shall remain in full force and effect, and Lessor shall, proceeding with all reasonable dispatch, repair or rebuild the leased premises, or so much thereof as was originally constructed by Lessor, to substantially their condition at the time of such damage or destruction to the extent to which insurance proceeds may be available for such repair or restoration (subject, however, to zoning laws, deed restrictions and building codes then in existence), but Lessor shall not be responsible for any delay which may result from any cause beyond its reasonable control.

15.03 In the event that the provisions of the preceding two paragraphs of this section shall become applicable the minimum rent shall be abated or reduced proportionately during any period in which, by reason of any such damage or destruction, taking into consideration to the extent to which Lessee may be required to discontinue its business in the leased premises. Nothing in this paragraph shall be construed to abate or reduce percentage rent, if any. In the event of termination of this Lease pursuant to this Article, this Lease and the term hereof shall cease and come to an end as of the date of such damage or destruction.

15.04 The terms "substantially damaged" and "substantial damage" as used in this section shall have reference to damage to the premises of such a character that in Lessor's sole opinion as cannot be expected to be repaired or within one hundred twenty (120) days from the date of such loss.

15.05 Notwithstanding anything to the contrary herein, should the damage to the premises be caused by the fault or negligence of the Lessee, its agents, representatives and/or those in privity

Initial of
Lessor SA
Lessee RW

with it, Lessee shall at once repair such damage at its own cost and expense if such loss is not covered by Lessee's insurance, if any, or the extent that same is insufficient to do so; or should said damage not be covered by Lessor's insurance or should the same be inadequate to repair such damage, regardless of the cause therefore, Lessor may elect not to make said repairs and in which event shall give notice thereof within sixty (60) days from notice by Lessee of such damage, and this Lease shall then terminate.

ARTICLE 16. ENJOYMENT OF THE PREMISES BY LESSEE; SURRENDER OF PREMISES; HOLDING OVER

16.01 Lessee shall peaceably hold and enjoy the premises during the term of this Lease if Lessee pays all rental obligations to Lessor and otherwise discharges and performs all of Lessee's obligations pursuant to this Lease, time being of the essence.

16.02 Holding over by the Lessee after the end of the term of this Lease (whether under the primary term or under the option terms,) if any, shall not extend the term of this Lease, but shall constitute Lessee a tenant at the will and sufferance of Lessor, and Lessee shall pay to Lessor the sum of $4,000.00 per day as rent during said tenancy at sufferance.

ARTICLE 17. RELEASE OF LESSOR

17.01 In the event Lessor shall convey the premises or any part thereof, then from and after the effective date of such conveyance, Lessor shall have no further liability under this Lease.

ARTICLE 18. SIGNS

18.01 Lessor owns an undivided one-half interest in a lighted billboard for the Mall Tract portion of the leased premises. The owner of the other one-half interest in this sign is Sohani. Lessor and Sohani have a written agreement that defines who has use of what portion of the sign and how costs associated with the operation of the sign are split. Lessor hereby grants as a part of this Lease, Lessee the right to exclusive use of the sign for any purpose including but not limited to the purpose of advertising Lessee's business. Lessee shall pay for all costs of operation of the sign that are the obligation of Lessor pursuant to its agreement with Sohani. Lessee agrees not to interfere, subject to the foregoing with another Tenant's signs.

ARTICLE 19. SUBORDINATION

19.01 Upon a determination by Lessee that the leased premises are suitable for the Lessee's intended use as set forth above in Section 2.01 and satisfaction to Lessee of the contingencies set forth in Article 29, such determination and satisfaction being set forth in writing in a certificate to such effect signed by Lessee and delivered to Lessor as set forth in Article 29,

(1) this Lease shall not be subject and subordinate to the lien of any present or future mortgage now or hereafter placed upon Lessor's interest in said premises, or any part thereof, and

Initial of
Lessor SA
Lessee RW

(2) Lessor agrees to have executed and delivered upon execution by Lessor to Lessee such instruments which Lessee may reasonably deem necessary by the Mortgagee holding a Deed of Trust Lien on the Leased Premises, agreeing for good and valuable consideration to, (i) honor this Lease, per its expressed terms and term of years and to (ii) subordinate the mortgage to this Lease such that Lessee, upon default by Lessor and notice by Lessee to Mortgagee, shall, upon notice, pay rent directly to Mortgagee.

(3) Nothing contained herein shall prejudice Lessee's right to terminate this Lease should Lessor's right to do business is terminated by the city.

ARTICLE 20. NOTICES

20.01 All notices provided to be given under the Lease shall be given by certified mail or registered mail addressed to the property party, at the following address:

Lessor: Sohani Heritage Trust
Attn: Sam Ali, President
7000 Harwin Drive
Houston, TX 77036

Lessee: Left Gate Property Holding, Inc. d/b/a Texas Direct Auto
Attn: Rick Williams, President
12053 Southwest Freeway
Stafford, TX 77477

Such addresses may be changed from time to time by either party by giving notice as provided above. A post office receipt for registration or certification, as the case may be, return receipt requested, of such notice shall be conclusive that such notice was delivered in due course of mail, if mailed as provided above.

20.02 This Lease is performable and the considerations herein are due and payable in Houston, Harris County, Texas, where venue and jurisdiction shall lie in all matters affecting this Lease.

ARTICLE 21. NOTICE TO LESSOR

21.01 Lessee will give Lessor written notice of any alleged default by Lessor, specifying the particular default and pointing out the provision of the Lease allegedly violated, after which Lessor will have thirty (30) days to commence and thereafter with reasonable diligence, remedy such default, the provisions of Article 13 or elsewhere to the contrary notwithstanding. In any instance where Lessor is obligated to take any course of action, including any duty to repair, or re-work repairs previously undertaken, the aforementioned notice shall be deemed a condition precedent to any liability of Lessor, and in addition to the foregoing, Lessor shall have no liability for delays caused by weather, strike, union disagreement, riot, casualty, material or labor shortage, acts of God, and/or any other cause beyond Lessor's control.

Initial of
Lessor SA
Lessee RW

ARTICLE 22. WAIVER OF SUBROGATION RIGHTS

22.01 With reference to any and all insurance now, and as well as that hereafter, in effect concerning the above mentioned building and any of its present, and as well any of its future contents, it is agreed by and between the parties hereto, so long as their Lessor-Lessee relationship continues as to the leased premises, and to the extent that the parties may do so without affecting their respective rights under their respective insurance, that: Lessor, to the extent Lessor obtains the proceeds under any insurance policy covering all or any portion of the above described premises hereby waives, and releases Lessee from, all rights of subrogation in favor of the insurance carrier under said policy or policies against Lessee; and Lessee, to the extent Lessee obtains the proceeds under any insurance policy covering all or any portion of the above described premises hereby waives, and releases Lessor from, all rights of subrogation in favor of the insurance carrier under said policy or policies against Lessor.

ARTICLE 23. ENVIRONMENTAL

23.01 As used herein, “Hazardous Substance” shall mean any substance, material, or waste that is regulated by any federal, state or local governmental or quasi-governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity; and “Environmental Requirements” shall mean all legal requirements relating to industrial hygiene, protection of human health, hazard communication, employee rights-to-know, environmental protection, or the use, handling, storage, disposal, control, transportation or emission of any Hazardous Substance.

23.02 Lessee shall not cause or knowingly permit any Hazardous Substance to be brought upon, generated, kept or used in or about the leased premises by Lessee or any of Lessee’s employees, agents, officers, directors, invitees, or licensees, without Lessor’s consent, which consent may be given or withheld in Lessor’s sole discretion. Lessor may condition its consent upon any terms and conditions deemed reasonable by Lessor, including without limitation, manner and method of disposal of any Hazardous Substance. Notwithstanding the foregoing sentences of this Article 23.02, Lessee shall be permitted to bring onto, keep or use in the premises consumer products that are used in the ordinary course of business of Lessee, provided that: (i) such consumer products are not used or stored in quantities that would require any notification or reporting under any environmental law or regulations, or warnings to any persons located anywhere outside the leased premises, if the entire quantities were released into the environment, (ii) Lessee inform Lessor in writing from time to time the nature, quantity and use of such consumer products, and (iii) Lessee otherwise complies with the provisions in this Article 23.

23.03 Lessee shall promptly deliver to Lessor copies of any reports or emergency response business plans made to or filed with any governmental entity arising out of or relating to any Hazardous Substance on or from the leased premises, and, upon Lessor’s request, copies of all hazardous waste manifests reflecting the disposal of all Hazardous Substances removed by Lessee from the leased premises. If any time Lessee shall become aware or have reasonable cause to believe that any Hazardous Substances have come to be located in or about the leased premises, or that any known Hazardous Substances have been or may be released into the environment, Lessee shall immediately give notice thereof to Lessor.

Initial of
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23.04 Lessee shall at its expense fully comply with all Environmental Requirements, prudent industry practices and the reasonable recommendations of Lessor regarding the use, handling, disturbance, management or disposal of Hazardous Substances permitted pursuant hereto. Upon expiration or earlier termination of the Lease, Lessee shall cause to be removed from the leased premises and disposed in accordance with all applicable Environmental Requirements and prudent industry practices minimizing to the greatest extent possible any potential liability to Lessor as a result of such removal of, all Hazardous Substances that Lessee or any employee, officer, director, agent, licensee or invitee of Lessee caused or permitted to be located there. If the presence of such Hazardous substances results in contamination of any portion of the leased premises, Lessee shall be solely responsible for the expense of returning the affected portion of the leased premises to the condition existing prior to such contamination; provided, however, that Lessee shall not take any remedial action (except in emergencies) without first notifying Lessor and obtaining Lessor's approval.

23.05 Lessee agrees to indemnify and hold Lessor and Lessor's employee, officer, director, agent, licensee or invitee harmless from and against any and all claims, liabilities, penalties, fines, judgments, forfeitures, losses, (including without limitation reasonable attorneys' fees, consultant fees, expert fees, and costs) arising out of or in connection with the presence of any Hazardous Substance in the leased premises, the removal, storage, transportation, and disposal of such Hazardous Substance, Lessee's failure to comply with any and all Environmental Requirements in connection with any Hazardous Substance, any claims made by any of Lessee's employees, agents, officers, directors, licensees or invitees arising out the presence, removal, storage or transportation of any Hazardous Substance on or from the leased premises, and Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge, or generation of any Hazardous Substances in, on, under, to, about, or from the leased premises or any portion of the leased premises.

23.06 The representations, warranties and indemnification by Lessee contained in this Article 23 shall survive this Lease Agreement.

ARTICLE 24. CONDITION OF PREMISES; IMPROVEMENTS TO PREMISES

24.01 LESSEE ACKNOWLEDGES THAT LESSOR HAS DELIVERED THE PREMISES IN "AS-IS" CONDITION AND MADE NO WARRANTIES TO LESSEE AS TO THE CONDITION OF THE LEASED PREMISES, EITHER EXPRESS OR IMPLIED, AND LESSOR AND LESSEE EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE LEASED PREMISES ARE SUITABLE FOR LESSEE'S INTENDED COMMERCIAL PURPOSE, AND LESSEE'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LESSOR OF ITS OBLIGATIONS HEREUNDER, AND LESSEE SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, SETOFF, DEDUCTION, NOTWITHSTANDING ANY BREACH BY LESSOR OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESSED OR IMPLIED.

24.02 Subject to Lessor's prior approval, which shall not be unreasonably withheld, Lessee may make improvements to the premises at Lessee's sole cost and expense.

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24.03 Lessor grants to Lessee the right to install a fence around the leased premises in order to provide a measure of security for vehicles it is selling, provided that Lessee shall not fence in any portion of the premises or of the premised leased to Lessee by Beechnut FEC LLC or that is currently being used or may in the future be required for use by any other tenant of Lessor.

24.04 More specifically, Beechnut FEC LLC owns a tract of land adjacent to and southeast of Lessor's property that Lessee is simultaneously leasing (which property is adjacent to the southbound feeder road for Highway 59) on which is located a structure that is currently used as a restaurant. This restaurant is not located on the premises of either this Lease. It is the intent of this provision that Lessee will not fence in any of the parking spots that are currently being used by this restaurant or that may, in the future, be required for use by the restaurant. Lessor and Beechnut FEC LLC is have a separate agreement concerning shared parking that also addresses this matter. Lessee acknowledges that (1) Lessor will need a certain minimum number of parking spaces for this restaurant as dictated by the City of Meadows Place and that number may vary at some point during the initial or extended term of this Lease, (2) some of the current and/or future required parking spaces for the restaurant may be on the property that is owned by Sohani, (3) there is an agreement between Lessor and Beechnut FEC LLC concerning the use of parking spaces that governs the use of a portion of the property that Lessee is going to lease from Lessor and from Beechnut FEC LLC, (4) this Lease is subject to that parking agreement between Lessor and Beechnut FEC LLC, and (5) Lessee will not fence in any portion of the premises or, if already fenced in, will remove such fencing of parking spaces as is necessary for Lessor to comply with the minimum parking space requirements of the City of Meadows Place for use by the restaurant.

ARTICLE 25. CONDITIONS TO ACCEPTANCE OF LEASE, RIGHT OF FIRST REFUSAL; OPTION TO PURCHASE

25.01 Conditions to Lessee's Acceptance of Premises. Lessee's obligations under this Lease are subject to the following conditions:

1. Lessee must be able to erect a fence around the premises in order to secure its inventory of automobiles, except around the restaurant as provided above in Section 24.04.
2. Lessee must be able to obtain any city, county and/or state permits that be necessary to operate its business on the premises.
3. Lessee must be able to obtain a lease from Beechnut FEC LLC for the property adjacent to the premises on the same basic terms and conditions as this Lease.

Lessee shall have one hundred and twenty (120) days after execution of this Lease to determine if the three above conditions are satisfied. Prior to the expiration of this one hundred and twenty (120) day period, Lessee agrees to deliver a written certificate to Lessor stating whether the three conditions above have been satisfied. If Lessee fails to deliver this written certificate with one hundred and twenty (120) days after execution of this Lease, the three conditions above shall be deemed to be satisfied and these three items shall no longer be conditions to the effectiveness of this Lease and all terms of the Lease shall be in full force and effect, subject only to Section 7.07 regarding permitted continued use by municipalities.

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Lessee RW

25.02 Right of First Refusal. Lessor hereby grants to Lessee a right of first refusal to purchase the premises, or any portion thereof, if Lessor elects to sell the premises. This right shall be exercisable during the primary term, and during the extended term if Lessee elects to extend the term. Upon receipt of a fully executed sales contract to sell the premises, Lessor shall present the contract to Lessee and Lessee shall thereafter have a period of thirty (30) days to match the offer and present the Lessor with an identical contract for purchase of the property. Lessor agrees to make any contract for the sale of the premises during the primary term or extended term subject to this right of first refusal in favor of Lessee. If Lessee does not exercise its option by presenting a contract with identical terms, then this option shall expire and Lessor shall be free to sell the property as contemplated in the contract that Lessee declined to match. The same procedure shall be used for subsequent contracts during the primary and extended terms. Lessor agrees to the filing of a memoranda of this Right in the Deed Records of Fort Bend County Texas. This agreement is enforceable by Specific Performance.

25.03 Adjacent to the leased premises are three (3) additional spaces (collectively "Additional Spaces"), respectively known as follows:

(a) 12002 Southwest Freeway, Suite A, Stafford, Texas containing approximately 5,843 square feet;

(b) 12002 Southwest Freeway, Suite B, Stafford, Texas containing approximately 5,030 square feet; and

(c) 12002 Southwest Freeway, Suite C, Stafford, Texas containing approximately 9,650 square feet.

The Additional Spaces are leased and occupied by third party lessees. Lessor grants to Lessee a right of first refusal to lease each space as it may become available, at the total rental of five thousand ($5,000.00) dollars per month base rent, prorated on a percentage square foot basis, being a fraction, wherein the numerator is the square footage in the suite and the denominator is the total square footage in suites A, B, and C as listed above.

As a condition precedent for Lessee's exercising such right of first refusal, Lessee shall not be in default under this Lease or any other lease between the parties. Lessee shall exercise its right by executing a lease agreement, in form substantially similar to this Lease within thirty (30) days that such space becomes available, for a period of time that will conform to the remaining balance of the term of this Lease, as set out in Article 1.

25.04 Option to Purchase. Lessor hereby grants to Lessee an option to purchase the premises at any time from the end of the primary term through the end of the extended term of this Lease, i.e. this option shall only apply during the extended term, if Lessee elects to the extend the term of the Lease beyond the primary 98-month term. The purchase price for this option shall be negotiated by agreement between Lessor and Lessee. If Lessee wishes to exercise this option to

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purchase, Lessee shall obtain an appraisal of the premises from a MAI-certified appraiser. Upon receipt of such appraisal, Lessor can then elect to obtain a 2nd appraisal from anotherMAI-certified appraiser. Lessor and Lessee agree to work together in good faith to reach an agreement on the purchase price based on the average of the two appraisals. If necessary, Lessor may obtain a 3rd appraisal to assist in the determination of the purchase price.

ARTICLE 26. GENERAL PROVISIONS

26.01 Paragraph headings throughout this instrument are for convenience and reference only, and the words contained in such headings shall in no way be construed to explain, modify, amplify or aid in the interpretation or meaning of the provisions of this Lease.

26.02 This Lease constitutes the entire agreement between Lessor and Lessee, no other or contemporaneous promises or representations, whether written or oral, shall be binding on them and this Agreement shall not be amended, modified or changed in any way except by written instrument signed by the parties hereto.

26.03 No receipt of money by Lessor from Lessee after (i) the termination of this Lease shall reinstate, confirm or extend this Lease, nor (ii) affect any prior notice by Lessor to Lessee. No extension of this Lease shall be valid unless specifically stipulated in writing by Lessor in the manner strictly set forth in this Lease. No waiver by Lessor of any default or breach of any term, provisions or condition of this Lease shall be deemed to be a waiver of any breach of the same or of any other term, provision or condition of this Lease. The rights and remedies provided by this Lease are cumulative, and the use of any one right or remedy by Lessor shall not preclude or waive its right to use any or all other remedies. Lessor’s rights and remedies provided in this Lease are in addition to any other right or remedy which Lessor may have by law, statute, ordinance or otherwise.

26.04 This lease shall be binding upon and inure to the benefit of the heirs, legatees, devisees, executors, administrators, successors and assigns of the respective parties hereto, who may come into possession of the premises in any manner whatsoever.

26.05 Time is of the essence of this Agreement.

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Lessee RW

IN WITNESS WHEREOF, the undersigned Lessor and Lessee hereto executed this Agreement as of the day and year first above written.

LESSOR:
SOHANI HERITAGE TRUST

By: /s/ Shiraz Ali

Printed Name & Title:
Shiraz Ali – President

LESSEE:
LEFT GATE PROPERTY HOLDING, INC.
D/B/A TEXAS DIRECT AUTO

By: /s/ Rick Williams

Printed Name & Title:
Rick Williams – President

MORTGAGEE:

By: _____

Printed Name & Title:

Exhibits “A” and “B” – Leased Premises

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Lessee RW

Exhibit “A”

Being a tract or parcel containing 14.457 acres (629,745 square feet) of land, situated in the James Alston Survey,

Abstract Number 101, Fort Bend County, Texas; being out of and all of the 0.9153 acres conveyed to Meadvest Limited Partnership, of record in Fort Bend County Clerk’s File (F.B.C.C.F.) Number 9669300 and Harris County Clerk’s File Number S174462, and being out of and a part of that certain called 22.94 acre tract of record in Volume 1396, Page 417, F.B.C.D.R., and being all of that certain called 2,000 acre tract of record in Volume 1403, Page 756, F.B.C.D.R., said 14.457 acre tract being more particularly described as follows (bearings are based on said deed of record in Volume 2223, Page 59, F.B.C.D.R.):

COMMENCING at a 5/8 inch iron rod found marking the intersection of the southwesterly right-of-way (R.O.W.) line of Dorrance Lane (width varies) with the former northwesterly R.O.W. line of U.S. Highway 59 (based on a 300 foot width);

THENCE, South 44 deg. 05 min. 00 sec. West, along said former northwesterly R.O.W. line of said U.S. Highway 59; a distance of 563.87 feet to a 5/8 inch iron rod found marking the most easterly corner of that certain called 7.00 acre tract of record in Volume 28, Page 16 of the Fort Bend County Plat Records (F.B.C.P.R.), Fort Bend County, Texas;

THENCE, North 45 deg. 55 min. 00 sec. West, along the northeasterly line of said 7.00 acre tract, a distance of 677.61 feet to a 5/8-inch iron rod set marking the most northerly corner of said 7.00 acre tract and the POINT OF BEGINNING of the herein described tract;

THENCE, South 44 deg. 05 min. 00 sec. West, along the northwesterly line of said 7.00 acre tract, a distance of 450.01 feet to a 5/8 inch iron rod found for corner;

THENCE, North 45 deg. 55 min. 00 sec. West, along the most easterly line of a tract of land conveyed to Paul R. Lawrence, Trustee, of record in Volume 2679, Page 2196, Fort Bend County Official Records (F.B.C.O.R.), a distance of 204.06 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 70 deg. 31 min. 00 sec. West, along the said Paul R. Lawrence, Trustee tract, a distance of 438.09 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 44 deg. 05 min. 00 sec. East, along a tract of land conveyed to the City of Meadows of record in Volume 1327, Page 2608, Fort Bend County Official Records (F.B.C.O.R.) at a distance of 344.68 feet along the easterly line of a tract of land conveyed to the City of Meadows, Texas recorded in Volume 1827 Page 2608, Fort Bend County Official Records (F.B.C.O.R.) and passing the most southerly corner of The Meadows Section One of record in Volume 156, Page 87, Harris County Map Records, Harris County, Texas and in Volume 6, Page 12 F.B.C.P.R., and continuing along the southeasterly line of said The Meadows, Section One, in all a distance of 303.47 feet to a 5/8 inch iron rod set marking an angle point in the southeast line of said The Meadows, Section One;

THENCE, North 19 deg. 59 min. 10 sec. East, continuing along the southeasterly line of said The Meadows, Section One, a distance of 202,46 feet to a 5/8 inch iron rod found in the northwesterly R.O.W. line of the aforementioned Dorrance Lane (60.00 feet wide);

EXHIBIT “A” CONTINUATION

THENCE, South 70 deg. 00 min. 50 sec. East, along said southwesterly R.O.W. line, a distance of 550.25 feet to a 5/8 inch iron rod found at the beginning of a tangent curve to the right;

THENCE, continuing along said Southwesterly R.O.W. line, a distance of 148.02 feet along the arc of said curve to the right, having a radius of 1070.00 feet, a central angle of 07 deg. 55 min. 33 sec., and a chord which bears South 66 deg. 03 min. 04 sec. East, 147.90 feet to a 5/8 inch iron rod set for corner

THENCE, South 24 deg. 18 min. 46 sec. West, departing said R.O.W. line, a distance of 295.73 feet to an “X” set in concrete and for an angle point;

THENCE, North 45 deg. 55 min. 00 sec. West, a distance of 70.00 feet to an “X” set for an angle point;

THENCE, South 44 deg. 05 min. 00 sec. West, a distance of 353.18 feet to an “X” set for an angle point;

THENCE, South 45 deg. 55 min. 00 sec. East, a distance of 13.86 feet to the POINT OF BEGINNING and containing 14.457 acres (629,745 square feet) of land, more or less,

EXHIBIT “B”

Being a tract or parcel containing 3.139 acres (136,753 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas, James Alston Survey, Abstract Number 101, Fort Bend County, Texas; being out of and a part of a certain called 12.9242 acre tract, conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F.) Number 9032939, Fort Bend County, Texas, said 3.139 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939):

BEGINNING at a 5/8-inch iron rod found marking the most easterly corner of THE MEADOWS, SECTION ONE, a subdivision of record in Volume 156, Page 87, Harris County Map Records (H.C.M.R.), and in the southwesterly line of PARKGLEN, SECTION THREE, a subdivision of record to Volume 163, Page 67, H.C.M.R. and marking the most northerly corner of the herein described tract;

THENCE, South 70º 00’50” East, along said southwesterly line of PARKGLEN, SECTION THREE, at a distance of 20.00 feet passing a 5/8-inch iron rod found at the end of the westerly right-of-way (R.O.W.) line of Burtingame Street (60 feet wide), at 260.00 feet passing a point in the southwesterly line of PARKGLEN, SECTION TWO, a subdivision of record in Volume 156, Page 80, H.C.M.R., and the end of the most easterly R.O.W. line of said Burtingame Street, continuing along the southwesterly line of said PARKGLEN, SECTION TWO, a total distance of 346.21 feet to a 5/8-inch iron rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19º 59’10” West, a distance of 395.00 feet to a 5/8-inch iron rod with cap set in the northerly R.O.W. line of Dorrance Lane (60 feet wide) marking the most southerly corner of the herein described tract;

THENCE, North 70º 00’50” West, along said northerly R.O.W. line of Dorrance Lane, a distance of 346.21 feet to a 5/8-inch iron rod found in the southeasterly line of the aforementioned THE MEADOWS, SECTION ONE and marking the most westerly corner of the herein described tract;

THENCE, North 19º 59’10” East, along said southeasterly line of THE MEADOWS, SECTION ONE, a distance of 395.00 feet to the POINT OF BEGINNING and containing 3.139 acres (136,753 square feet) of land.

EXHIBIT “C”

Being a tract or parcel containing 3.518 acres (153,240 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas and James Alston Survey, Number 101, Fort Bend County, Texas, being out of and a part of a certain called 12.9242 acre tract; conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F.) Number 9032939, Fort Bend County, Texas, and being the same called 3.518 acres recorded under F.B.C.C.F., Number 9669300 and Harris County Clerk’s File Number S174462, Harris County, Texas, said 3.518 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939):

BEGINNING at a 5/8-inch iron rod with cap set in the northerly right-of-way (R.O.W.) line of Dorrance Lane (60 feet wide) and in the arc of a curve to the left, marking the most westerly corner of Reserve “C”, of MEADOWS CENTER, SECTION ONE, a subdivision of record in Volume 346, Page 133, Harris County Map Records (H.C.M.R.) and under Slide Number, 1086A, Fort Bend County Map Records and marking the most southerly corner of the herein described tract from which a 5/8-inch iron rod found bears South 49 deg. 46 min. West, 0.39 feet;

THENCE, 16.16 feet, along said northerly R.O.W. line of Dorrance Lane and the arc of said curve to the left, having a radius of 1,130.00 feet, a central angle of 00 deg. 49 min. 09 secs. and a chord which bears North 69 deg. 36 min. 39 sec. West, 16.15 feet to a 5/8-inch iron rod with cap set marking a point of tangency;

THENCE, North 70 deg. 00 min. 50 sec. West, continuing along said northerly R.O.W. line of Dorrance Lane, a distance of 204.04 feet to a 5/8-inch iron rod with cap set marking the most westerly corner of the herein described tract, same being the most easterly line of a tract of land conveyed to Cavalry Enterprises (Texas, Inc.) as recorded under F.B.C.C.F. Number 9728787 and Harris County Clerk’s File Number S441594;

THENCE, North 19 deg. 59 min. 10 sec. East, along the said

Cavalry Enterprises tract, a distance of 395.00 feet to a 5/8-inch iron rod with cap set in the northwesterly line of PARKGLEN, SECTION TWO; a subdivision of record in Volume 156, Page 80, H.C.M.R., and for the most northerly corner of the herein described tract;

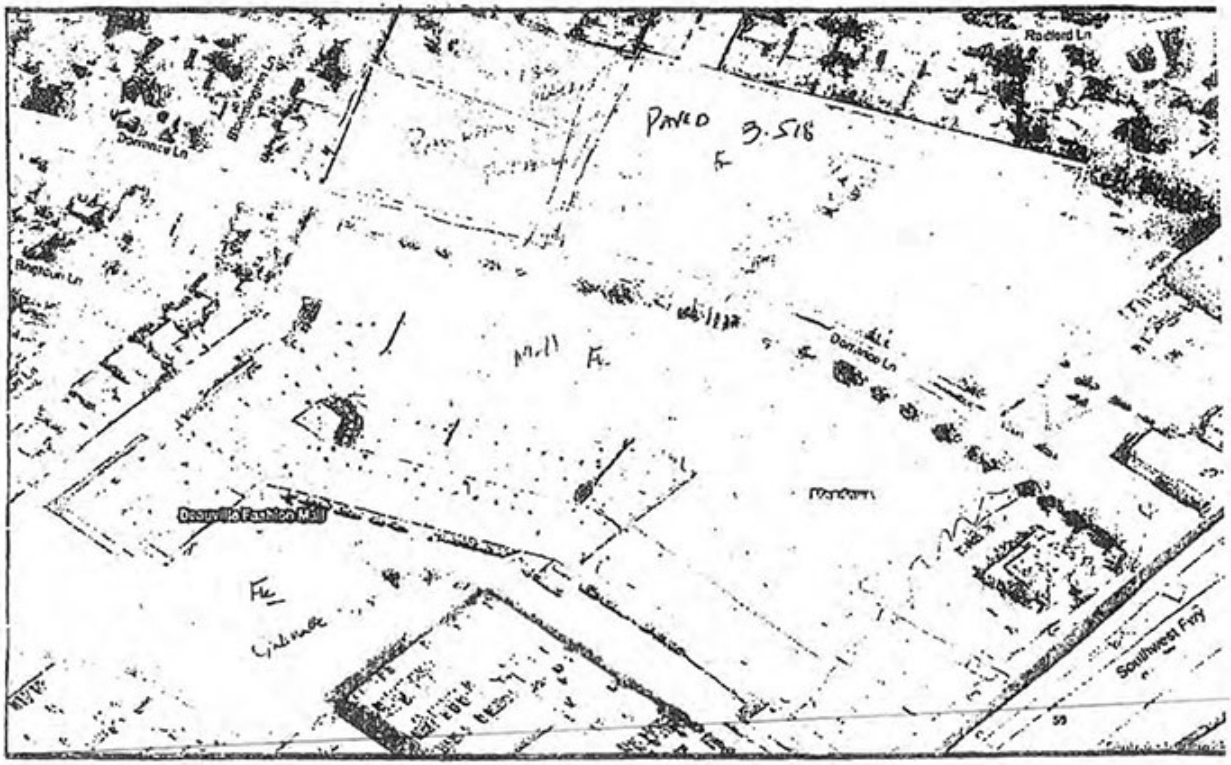
THENCE, South 70 deg. 00 min. 50 sec. East, along said southwesterly line of PARKGLEN, SECTION TWO, a distance of 687.05 feet to a 5/8-inch iron rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19 deg. 59 min. 10 sec. West, a distance of 100.00 feet to a 5/8-inch iron rod with cap set in the northeasterly line of the aforementioned Reserve “C” and for an angle point of the herein described tract;

THENCE North 70 deg. 00 min. 50 sec. West, along said northeasterly line of Reserve “C”, a distance of 334.18 feet to a 5/8-inch iron rod with cap set marking the most northerly corner of said Reserve “C” and for an interior angle of the herein described tract;

THENCE, South 44 deg. 11 min. 42 sec. West, along the northwesterly line of said Reserve “C”, a distance of 323.57 feet (called 323.51 feet) to the POINT OF BEGINNING and containing 3.518 acres (153,240 square feet) of land, more or less.

Exhibit "D"


Radford Ln
Dominica Ln
Bingham Ln
Dominica Ln
Southwest Fwy

DEVELOPMENT AGREEMENT

BETWEEN

THE CITY OF MEADOWS PLACE, TEXAS

AND

LEFT GATE PROPERTY HOLDING, INC. d/b/a TEXAS DIRECT AUTO

DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF MEADOWS PLACE, TEXAS,
AND LEFT GATE PROPERTY HOLDING, INC. d/b/a TEXAS DIRECT AUTO

This Development Agreement (the "Agreement") is made and entered into as of the 28th day of June, 2011, by THE CITY OF MEADOWS PLACE, TEXAS (the "City"), a general law municipality in Fort Bend County, Texas, acting by and through its governing body, the City Council; and LEFT GATE PROPERTY HOLDING, INC. d/b/a TEXAS DIRECT AUTO (the "Developer").

RECITALS

The Developer is leasing approximately 34.89 acres of land in City's territorial limits and the City of Stafford's extraterritorial limits as described in **Exhibit "A"** (the "Property").

The City wishes to provide for the orderly, safe, and healthful development of the Property.

The Developer desires to develop the Property with the following uses: Permitted uses under C-2 Commercial District and the Specific Use of a Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services. Developer requires an agreement providing for long-term certainty in regulatory requirements and development standards by the City regarding the Property.

The City and the Developer agree that the development of the Property can best proceed pursuant to a development agreement and the granting of a Specific Use Permit for the Property.

It is the intent of this Agreement to establish certain restrictions and commitments imposed and made in connection with the development of the Property. The City and the Developer are proceeding in reliance on the enforceability of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the City and the Developer agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Terms. Unless the context requires otherwise, and in addition to the terms defined above, the following terms and phrases used in this Agreement shall have the meanings set out below:

City means the City of Meadows Place, Texas.

City Council means the City Council of the City or any successor governing body.

Developer means Left Gate Property Holding, Inc. d/b/a Texas Direct Auto.

Site Plan means the conceptual land use plan for the proposed development of the Property, a copy of which is attached to this Agreement as **Exhibit C** as it may be revised from time to time in accordance with this Agreement.

Specific Use Permit means the Ordinance adopted by City Council on June 28, 2011, granting a Specific Use Permit to the Property, which is attached hereto as **Exhibit B**.

Person means any individual, partnership, association, firm, trust, estate, public or private corporation, or any other legal entity whatsoever.

Property means all the land described in the attached **Exhibit A**.

ARTICLE II
SITE PLAN

Section 2.01 Introduction. The Property is to be developed under the permitted uses of a C-2 Commercial District and the Specific Use of a Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services."

Section 2.02 Site Plan and Amendments Thereto. The City and the Developer acknowledge that the Site Plan attached as **Exhibit C** is the preliminary plan for the development of the Property. The parties acknowledge and agree that the Site Plan will be revised and refined by the Developer from time to time as the Developer continues its investigation of the Property and prepares a feasible and detailed plan for development of the Property, provided that in no case shall the Site Plan be revised to contradict any of the requirements of this Agreement, the City's Code of Ordinances, or the Specific Use Permit attached to the Property. The City approves the Site Plan. Any significant deviation of the Site Plan requires Developer to present such changes to City Council for approval.

ARTICLE III
DESIGN AND CONSTRUCTION STANDARDS AND APPLICABLE ORDINANCES

Section 3.01 Regulatory Standards and Development Quality. The City and the Developer agree that one of the primary purposes of this Agreement is to provide for quality development of the Property and certainty as to the regulatory requirements applicable to the development of the Property throughout the development process, Feasibility of the development of the Property is dependent upon a predictable regulatory environment and stability in the projected land uses. In exchange for Developer's performance of the obligations under this Agreement to develop the Property in accordance with certain standards and to provide the overall quality of development described in this Agreement, the City agrees to the extent allowed by law that it will not impose or attempt to impose any moratoriums on building or growth within the Property.

By the terms of this Agreement, the City and the Developer intend to establish development and design rules and regulations which will ensure a quality development, yet afford the Developer predictability of regulatory requirements throughout the term of this Agreement. Accordingly, the Site Plan and guidelines established by this Agreement as well as the conditions stated in the Specific Use Permit granted for the Property shall control the Property's development.

Section 3.02 Building Facades. Developer shall use materials as depicted on the Site Plan for building facades, fencing, and screening.

Section 3.03 City Sign. The Developer shall present to the City Council a design of a "City of Meadows Place, Texas" monument sign within sixty (60) days from the date of this Agreement. City Council may amend such monument design. Developer shall build the City Council approved monument sign using the materials specified by City Council. Developer shall complete construction of the monument sign within 180 days of City Council approval. Once constructed, Developer shall dedicate such monument sign to the City.

Section 3.04 Dog Park. The Site Plan includes a dog park plan. The City hereby approves the development of a dog park. The Developer hereby agrees to substantially comply with the acreage of the dog park shown on the Site Plan, although the Developer reserves the right to change specific locations and layouts of the dog park. The dog park shall be open to the public; however, Developer may set reasonable times for the dog park's use. The City shall have no responsibility to maintain the dog park.

Section 3.05 Traffic Study. The City may require the Developer to provide a traffic study for the ultimate build out of the Property. Developer shall submit to the City a Traffic Study within sixty (60) days of the City providing to the Developer a written request for such study. The traffic study shall be conducted by an engineering company whose regular business is to conduct traffic studies. If the City Council determines that the traffic study shows negative impact on the City, City shall present to Developer a written letter informing Developer how to mitigate any negative impacts. Developer shall mitigate any negatives as set forth in the letter from City Council.

Section 3.06 Hazardous materials. If hazardous materials are stored on the Property, Developer shall provide a list and location to the City of such materials. Developer shall remove and remediate all hazardous materials on the Property upon vacation.

Section 3.07 Permits, Inspections, Certificate of Occupancy. The Developer will comply with all City requires to obtain any permits, comply with any City inspections, and obtain any certificate of occupancy.

Section 3.08 Platting. If required by either the City of Meadows Place or the City of Stafford, Developer shall plat the Property. Developer must receive final plat approval from the City of Meadows Place and the City of Stafford within ninety (90) days of this Agreement. If applicable, Developer must receive plat approval from Fort Bend County within 180 days of this Agreement.

Section 3.09 Waiver of Actions Under Private Real Property Rights Preservation Act. The Developer hereby waive its right, if any, to assert any causes of action against the City accruing under the Private Real Property Rights Preservation Act, Chapter 2007, Texas Government Code (the "Act"), that the City's execution or performance of this Agreement or any authorized amendment or supplements thereto may constitute, either now or in the future, a "Taking" of Developer's, Developer's grantee's, or a grantee's successor's "Private Real Property," as such terms are defined in the Act.

ARTICLE IV
MATERIAL BREACH, NOTICE AND REMEDIES

Section 4.01 Material Breach of Agreement. It is the intention of the parties to this Agreement that the Property be developed in accordance with the terms of this Agreement and that Developer follow the development plans as set out in the Site Plan.

(a) The parties acknowledge and agree that any major deviation from the Site Plan and the concepts of development contained therein and any substantial deviation by Developer from the material terms of this Agreement would frustrate the intent of this Agreement, and therefore, would be a material breach of this Agreement. A material breach of this Agreement by Developer shall be deemed to have occurred in the following instances:

1. Developer's failure to develop the Property in compliance with the approved Site Plan, as from time to time amended; or Developer's failure to secure the City's approval of any material or significant modification or amendment to the Site Plan;

2. Failure of Developer to substantially comply with a provision of this Agreement, the Specific Use Permit granted for the Property, or any other City ordinances.

3. Failure of Developer to obtain the City's consent or approval for any actions as set forth in this Agreement or the Specific Use Permit granted for the Property.

4. Failure of the Developer to consent to any City inspection.

5. Failure of Developer to cease construction of any public or private improvement when such order is issued by the City.

6. All taxes on the Property shall be paid timely by the entity that owes the taxes. All delinquent taxes owed at the time of execution of this Agreement shall be paid within ninety (90) days of this Agreement by the record title owners of the Property. If the record title owners do not pay the taxes which are already delinquent and owed at the time of execution of this Agreement, within ninety (90) days of this Agreement, then Developer, at its option, shall be entitled to pay said taxes. After the ninety (90) day period, the City, at its option, may terminate this Agreement and the Specific Use Permit on the Property. Record title owners shall pay any and all future taxes on the Property on a timely basis. The Developer likewise shall pay all ad valorem taxes resulting from its leasehold ownership, inventory, and similar taxes which it would owe as a Lessee of the Property. In the event that a record title owner fails to timely pay the ad valorem taxes, the City shall give Developer written notice of the delinquent taxes. Developer shall be entitled to pay said taxes, at its option, pursuant to the terms of its lease agreement. The City may terminate this Agreement and the Specific Use Permit on the Property if the taxes are not timely paid within thirty (30) days of written notice of such delinquency.

7. Failure of Developer to plat the Property as required by this Agreement.

(b) The parties acknowledge and agree that any substantial deviation by the City from the material terms of this Agreement would frustrate the intent of this Agreement and, therefore, would be a material breach of this Agreement. A material breach of this Agreement by the City shall be deemed to have occurred in the following instances:

1. The imposition or attempted imposition of any moratorium on building or growth on the Property, except as allowed by State law or this Agreement;

2. An attempt by the City to enforce any City ordinance within the Property that is inconsistent with the terms and conditions of this Agreement;

3. An attempt by the City to unreasonably withhold approval of a plat within the Property that complies with the requirements of this Agreement.

In the event that a party to this Agreement believes that another party has, by act or omission, committed a material breach of this Agreement, the provisions of this Article VI shall provide the remedies for such default.

Section 4.02 Notice of Developer's Default.

(a) The City shall notify the Developer in writing of an alleged failure by the Developer to comply with a provision of this Agreement, which notice shall specify the alleged failure with reasonable particularity. The alleged defaulting Developer shall, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

(b) The City shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether such failure is excusable; and (iii) whether such failure has been cured or will be cured by the alleged defaulting Developer. The alleged defaulting Developer shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

(c) In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

(d) If the City determines that a failure to comply with a provision has occurred and that such failure is not excusable and has not been or will not be cured by the alleged defaulting Developer in a manner and in accordance with a schedule reasonably satisfactory to the City, then the City Council may proceed to mediation. City may also repeal the Specific Use Permit granted for the Property at any time.

Section 4.03 Notice of City's Default.

(a) If Developer shall notify the City in writing of an alleged failure by the City to comply with a provision of this Agreement, which notice shall specify the alleged failure with reasonable particularity. The City shall, within 30 days after receipt of such notice or such longer period of time as that Developer may specify in such notice, either cure such alleged failure or, in a written response to each Developer, either present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

(b) The Developer shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether such failure is excusable; and (iii) whether such failure has been cured or will be cured by the City. The City shall make available to the Developer, if requested, any records, documents or other information necessary to make the determination.

(c) In the event that the Developer determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the Developer, or that such failure is excusable, such determination shall conclude the investigation.

(d) If the Developer determines that a failure to comply with a provision has occurred and that such failure is not excusable and has not been or will not be cured by the City in a manner and in accordance with a schedule reasonably satisfactory to the Developer, then the Developer may proceed to mediation.

Section 4.04 Mediation. In the event the parties to this Agreement cannot, within a reasonable time, resolve their dispute pursuant to the procedures described herein, the parties agree to submit the disputed issue to non-binding mediation. The parties shall participate in good faith, but in no event shall they be obligated to pursue mediation that does not resolve the issue within 7 days after the mediation is initiated or 14 days after mediation is requested. The parties participating in the mediation shall share the costs of the mediation equally.

Section 4.05 Remedies.

(a) In the event of a determination by the City that a Developer has committed a material breach of this Agreement that is not resolved in mediation pursuant to Section 4.04, the City may file suit in a court of competent jurisdiction in Fort Bend County, Texas, and seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act and termination of this Agreement. The City may also repeal the Specific Use Permit granted for the Property.

(b) In the event of a determination by a Developer that the City has committed a material breach of this Agreement that is not resolved in mediation pursuant to Section 4.04, the Developer may file suit in a court of competent jurisdiction in Fort Bend County, Texas, and seek any relief available, at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act and termination of this Agreement; however in no instance shall the City ever be liable for any monetary damages to Developer for any reason whatsoever.

ARTICLE V
BINDING AGREEMENT, TERM, AMENDMENT, AND ASSIGNMENT

Section 5.01 Beneficiaries. This Agreement shall bind and inure to the benefit of the City and the Developer, their authorized successors and assigns. A memorandum of this Agreement, in substantially the form attached hereto as **Exhibit D**, shall be recorded in the County Clerk Official Records of Fort Bend County, Texas.

Section 5.02 Term. This Agreement shall bind the parties and continue until a date that is 10 years from the date of this Agreement, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and Developer. Upon the expiration of 10 years from the date of this Agreement, this Agreement may be extended, at the Developer's request and with City Council approval, for successive one-year periods.

Section 5.03 Termination. In the event this Agreement is terminated as provided in this Agreement or is terminated pursuant to other provisions, or is terminated by mutual agreement of the parties, the parties shall promptly execute and file of record, in the County Clerk Official Records of Fort Bend County, a document confirming the termination of this Agreement, and such other documents as may be appropriate to reflect the basis upon which such termination occurred.

Section 5.04 Assignment or Sale. No assignment by Developer shall occur unless an application for assignment is submitted to the City Council. Such assignment application shall contain financial information of the proposed assignee along with any other information deemed necessary by the City Council. The City Council shall conduct a hearing on the assignment application. The City Council will not unreasonably withhold approval of an assignment application. Subleasing is not considered an assignment so long as Developer remains as lessor. Developer shall remain liable for all terms and conditions of this Agreement.

ARTICLE VI
MISCELLANEOUS PROVISIONS

Section 6.01 Notice. The parties contemplate that they will engage in informal communications with respect to the subject matter of this Agreement. However, any formal notices or other communications ("Notice") required to be given by one party to another by this Agreement shall be given in writing addressed to the party to be notified at the address set forth below for such party, (a) by delivering the same in person, (b) by depositing the same in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified; (c) by depositing the same with FedEx or another nationally recognized courier service guaranteeing "next day delivery," addressed to the party to be notified, or (d) by sending the same by telefax with confirming copy sent by mail. Notice deposited in the United States mail in the manner herein above described shall be deemed effective from and after 3 days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties, until changed as provided below, shall be as follows:

City: City of Meadows Place, Texas
One Troyan Drive
Meadows Place, Texas 77477
Attn: City Secretary
(fax) (281) 983-2940

c.c.

Grady Randle
Randle Law Office
820 Gessner, Suite 1570
Houston, Texas 77024
(fax) (832) 476-9554

Developer: Left Gate Property Holding Inc., d/b/a Texas Direct Auto

% Jon Stautberg
3100 Edloe Street, Suite 335
Houston, TX 77027
(fax) (713) 621-8706

The parties shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by giving at least 5 days written notice to the other parties. If any date or any period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the notice shall be extended to the first business day following such Saturday, Sunday or legal holiday.

Section 6.02 Time. Time is of the essence in all things pertaining to the performance of this Agreement

Section 6.03 Severability. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected.

Section 6.04 Waiver. Any failure by a party hereto to insist upon strict performance by the other party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and such party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement

Section 6.05 Applicable Law and Venue. The construction and validity of this Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Fort Bend County, Texas.

Section 6.06 Reservation of Rights. To the extent not inconsistent with this Agreement, each party reserves all rights, privileges, and immunities under applicable laws.

Section 6.07 Further Documents. The parties agree that at any time after execution of this Agreement, they will, upon request of another party, execute and deliver such further documents and do such further acts and things as the other party may reasonably request in order to effectuate the terms of this Agreement.

Section 6.08 Incorporation of Exhibits and Other Documents by Reference. All Exhibits and other documents attached to or referred to in this Agreement are incorporated herein by reference for the purposes set forth in this Agreement.

Section 6.09 Effect of State and Federal Laws. Notwithstanding any other provision of this Agreement, Developer, its successors or assigns, shall comply with all applicable statutes or regulations of the United States and the State of Texas, as well as any City ordinances not in conflict with this Agreement, and any rules implementing such statutes or regulations.

Section 6.10 Modification. This Agreement may be modified with written consent by both parties.

Section 6.11 Construction. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

Section 6.12 Authority for Execution. The City hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with City ordinances. The Developer hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the articles of incorporation and bylaws or partnership agreements of such entities.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the 28th day of June 2011.

CITY OF MEADOWS PLACE, TEXAS

By: /s/ Charles Jessup
Charles Jessup, Mayor

ATTEST:

By: /s/ Elaine Herff
Elaine Herff, City Secretary

LEFT GATE PROPERTY HOLDING, INC.
d/b/a/ TEXAS DIRECT AUTO

By: /s/ Mike Welch
Name: Mike Welch
Title: Secretary

EXHIBIT LIST

Exhibit A Metes and Bounds descriptions of the Property

Exhibit B Specific Use Permit Ordinance

Exhibit C Developer Site Plan

Exhibit D Memorandum of Agreement

EXHIBIT “A”

Being a tract or parcel containing 3.139 acres (136,753 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas, James Alston Survey, Abstract Number 101, Fort Bend County, Texas; being out of and a part of a certain called 12.9242 acre tract, conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F.) Number 9032939, Fort Bend County, Texas; said 3.139 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939);

BEGINNING at a 5/8-inch iron rod found marking the most easterly corner of THE MEADOWS, SECTION ONE, a subdivision of record in Volume 156, Page 87, Harris County Map Records (H.C.M.R), and in the southwesterly line of PARKGLEN, SECTION THREE, a subdivision of record in Volume 163, Page 67, H.C.M.R., and marking the most northerly corner of the herein described tract;

THENCE, South 70°00’50” East, along said southwesterly line of PARKGLEN, SECTION THREE, at a distance of 200.00 feet passing a 5/8-inch iron rod found at the end of the westerly right-of-way (R.O.W) line of Burlingame Street (60 feet wide), at 260.00 feet passing a point in the southwesterly line of PARKGLEN, SECTION TWO, a subdivision of record in Volume 156, Page 80, H.C.M.R., and the end of the most easterly R.O.W. line of said Burlingame Street, continuing along the southwesterly line of said PARKGLEN, SECTION TWO, a total distance of 346.21 feet to a 5/8-inch rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19°59’10” West, a distance of 395.00 feet to 5/8-inch iron rod with cap set in the northerly R.O.W line of Dorrance Lane (60 feet wide) marking the most southerly corner of the herein described tract;

THENCE, North 70°00’50” West, along said northerly R.O.W. line of Dorrance Lane, a distance of 346.21 feet to a 5/8-inch iron rod found in the southeasterly line of the aforementioned THE MEADOWS, SECTION ONE and marking the most westerly comer of the herein described tract;

THENCE, North 19°59’10” East, along said southeasterly line of THE MEADOWS, SECTION ONE, a distance of 395.00 feet to the POINT OF BEGINNING and containing 3.139 acres (136,753 square feet) of land.

Exhibit "A"

Being a tract or parcel containing 14.457 acres (629,745 square feet) of land, situated in the James Alston Survey,

Abstract Number 101, Fort Bend County, Texas; being out of and all of the 0.9153 acres conveyed to the Meadvest Limited Partnership, of record in Fort Bend County Clerk's File (F.B.C.C.F.) Number 9669300 and Harris County Clerk's File Number S174462, and being out of and a part of that certain called 22.94 acre tract of record in Volume 1396, Page 417, F.B.C.D.R., and being all of that certain called 2.000 acre tract of record in Volume 1403, Page 756, F.B.C.D.R., said 14.457 acre tract being more particularly described as follows (bearings are based on said deed of record in Volume 2223, Page 59, F.B.C.D.R.):

COMMENCING as a 5/8 inch iron rod found marking the intersection of the southwesterly right-of-way (R.O.W) line of Dorrance Lane (width varies) with the former northwesterly R.O.W. line of U.S Highway 59 (based on a 300 foot width);

THENCE, South 44 deg. 05 min. 00 sec. West, along said former northwesterly R.O.W. line of said U.S. Highway 59, a distance of 663.87 feet to a 5/8 inch iron rod found marking the most easterly corner of that certain called 7.00 acre tract of record in Volume 28. Page 16 of the Fort Bend County Plat Records (F.B.C.P.R.), Fort Bend County, Texas;

THENCE, North 45 deg. 55 min. 00 sec. West, along with northeasterly line of said 7.00 acre tract, a distance of 677.61 feet to a 5/8-inch iron rod set marking the most northerly corner of said 7.00 acre tract and the POINT OF BEGINNING of the herein described tract;

THENCE, South 44 deg. 05 min. 00 sec. West, along the northwesterly line of said 7.00 acre tract, a distance of 450.01 feet to a 5/8 inch iron rod found for corner,

THENCE, North 45 deg. 55 min. 00 sec. West, along the most easterly line of a tract of land conveyed to Paul R. Lawrence, Trustee, of record in Volume 2679, Page 2196, Fort Bend County Official Records (F.B.C.O.R), a distance of 204.06 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 70 deg. 31 min. 00 sec. West, along the said Paul R. Lawrence, Trustee tract, a distance of 438.09 feet to a 5/8 inch iron rod set marking an angle point;

THENCE, North 44 deg. 05 min. 00 sec. East., along a tract of land conveyed to the City of Meadows of record in Volume 1827, Page 2608, Fort Bend County Official Records (F.B.C.O.R.) at a distance of 244.68 feet along the easterly line of a tract of land conveyed to the City of Meadows, Texas recorded in Volume 1827 Page 2608, Fort Bend County Official Records (F.B.C.O.R.) and passing the most southerly corner of The Meadows Section One of record in Volume 156. Page 87, Harris County Map Records, Harris County, Texas and in Volume 6, Page 12 F.B.C.P.R., and continuing along the southeasterly line of said The Meadows, Section One, in all a distance of 803.47 feet to a 5/8 inch iron rod set marking an angle point in the southeast line of said The Meadows, Section One;

Thence, North 19 deg. 59 min. 10 sec. East, continuing along the southeasterly line of said The Meadows, Section One, a distance of 202.46 feet to a 5/8 inch iron rod found in the southwesterly R.O.W. line of the aforementioned Dorrance Lane (60.00 feet wide);

Exhibit “A” Continuation

THENCE, South 70 deg. 00 min 50 sec. East, along said southwesterly R.O.W line, a distance of 550.25 feet to a 5/8 inch iron rod found at the beginning of a tangent curve to the right;

THENCE, continuing along said Southwesterly R.O.W line, a distance of 148.02 feet along the arc of said curve to the right, having a radius of 1070.00 feet, a central angle of 07 deg. 55 min. 33 sec., and a chord which bears South 66 deg. 03 min. 04 sec. East, 147.90 feet to a 5/8 inch iron rod set for corner

THENCE, South 24 deg. 18 min. 46 sec. West, departing said R.O.W line, a distance of 295.73 fleet to an “X” set in concrete and for an angle point;

THENCE, North 45 deg. 55 min. 00 sec. West, a distance of 70.00 feet to an “X” set for an angle point;

THENCE, South 44 deg. 05 min. 00 sec. West, a distance of 353.18 feet to an “X” set for an angle point;

THENCE, South 45 def. 55 min. 00 sec. East, a distance of 13.86 feet to the POINT OF BEGINNING and containing 14.457 acres (629,745 square feet) of land, more or less.

“Exhibit A”

Being a tract or parcel containing 3.518 acres (153,240 square feet) of land situated in the James Alston Survey, Abstract Number 100, Harris County, Texas and James Alston Survey. Number 101, Fort Bend County, Texas, being out of and a part of a certain called 12.9242 acre tract, conveyed to Meadows Associates, as recorded under Fort Bend County Clerk’s File (F.B.C.C.F .) Number 9032939, Fort Bend County, Texas, and being the same called 3.518 acres recorded under F.B.C.C.F. Number 9669300 and Harris County Clerk’s File Number S174462, Harris County, Texas; said 3.518 acre tract being more particularly described as follows (bearings are based on said deed of record under F.B.C.C.F. Number 9032939):

BEGINNING at a 5/8-inch iron rod cap set in a northerly right-of-way (R.O.W.) line of Dorrance Lane (60 feet wide) and in the arc of a curve to the left, marking the most westerly comer of Reserve “C”, of MEADOWS CENTER, SECTION ONE, a subdivision of record in Volume 346, Page 133, Harris County Map Records (H.C.M.R.) and under Slide Number 1086A, Fort Bend County Map Records and marking the most southerly comer of the herein described tract from which a 5/8-inch iron rod found bears South 49 deg. 46 min. West, 0.39 feet;

THENCE, 16.16 feet, along said northerly R.O.W. line of Dorrance Lane and the arc of said curve to the left, having a radius of 1,130.00 feet, a central angle of 00 deg. 49 min. 09 sec. and a chord which bears North 69 deg. 36 min. 39 sec. West, 16.15 feet to a 5/8-inch iron rod with cap set marking a point of tangency;

THENCE, North 70 deg. 00 min. 50 sec. West, continuing along said northerly R.O.W. line of Dorrance Lane, a distance of 204.04 feet to a 5/8-inch iron rod with cap set marking the most westerly comer of the herein described tract, same being the most easterly line of a tract of land conveyed to Cavalry Enterprises (Texas, lnc.) as recorded under F.B.C.C.F. Number 9728787 and Harris County Clerk’s File Number S441594;

THENCE, North 19 deg. 59 min. 10 sec East, along the said

Cavalry Enterprises tract, a distance of 395.00 feet to a 5/8-inch iron rod with cap set in the southwesterly line of PARKGLEN, SECTION TWO; a subdivision of record in Volume 156, Page 80, H.C.M.R., and for the most northerly corner of the herein described tract;

THENCE, South 70 deg. 00 min. 50 sec. East, along said southwesterly line of PARKGLEN, SECTION TWO, a distance of 687.05 feet to a 5/8-inch iron rod with cap set marking the most easterly corner of the herein described tract;

THENCE, South 19 deg. 59 min. 10 sec. West, a distance of 100.00 feet to a 5/8-inch iron rod with cap set in the northeasterly line of the aforementioned Reserve “C” and for an angle point of the herein described tract;

THENCE North 70 deg. 00 min. 50 sec. West, along said northeasterly line of Reserve “C’’, a distance of 334.18 feet to a 5/8-inch iron rod with cap set marking the most northerly corner of said Reserve ‘‘C” and for an interior angle of the herein described tract;

THENCE, South 44 deg. 11 min. 42 sec. West, along the northwesterly line of said Reserve “C”, a distance of 323.57 feet (called 323.51 feet) to the POINT OF BEGINNING and containing 3.518 acres (153,240 square feet) of land, more or less.

“Exhibit A”

Being a tract or parcel containing 0.9153 acre (39,870 square feet) of land situated in the James Alston Survey, Abstract Number 101, Fort Bend County. Texas; being out of and all of the 0.9153 acre tract conveyed to Meadvest Limited Partnership, a record in Fort Bend County Clerk’s (F.B.C.C.F) Number 966930 and Harris County Clerk’s File Number S174462, and being out of and a part of a certain called 22,941 acre tract of record in Volume 1396, Page 417, F.B.C.D.R., said 0.95153 acre tract being more particularly described as follows (bearings are based on said deed of record in Volume 2223, Page 59, F.B.C.D.R.);

COMMENCING for reference at a 5/8-inch iron found marking the intersection of the southwesterly right-of-way (R.O.W.) line of Dorrance Lane (width varies) and the northwesterly R.O.W. line of U.S Highway 59 (300 feet wide), marking the beginning of a curve to the right;

THENCE, 49.96 feet, along said southwesterly R.O.W line and the arc of said curve to the right, having a radius of 500.00 feet, a central angle of 05 deg. 43 min 30 sec and a chord which bears North 43 deg. 03 min 12 West, 49.94 feet to a 5/8-inch iron rod found marking a point of tangency;

THENCE, North 40 deg. 11 min. 30 sec. West, continuing along said southwesterly R.O.W line, a distance of 0.12 feet to a 5/8-inch rod found marking the most easterly corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 44 deg. 05 min. 00 sec. West, along and parallel with the northwesterly R.O.W line of said U.S. Highway 59, a distance of 199.56 feet to and “X” set in concrete marking the most southerly corner of the herein described tract;

THENCE, North 45 deg. 55 min. 00 sec. West, a distance of 194.00 feet to an “X” set in concrete marking the most Westerly corner of the herein described tract;

THENCE, North 44 deg. 05 min. 00 sec. East, a distance of 207.00 feet to a 5/8 inch iron rod with cap set in the aforementioned southwesterly R.O.W line of Dorrance Lane marking the most northerly corner of the herein described tract;

THENCE, along said southwesterly R.O.W line the following courses:

South 45 deg. 55 min. 00 sec. East, a distance of 94.75 feet to a 5/8-inch iron rod found marking a point of curvature to the right;

49.96 feet along the arc of said curve to the right, having a radius of 500.00 feet, a central angel of 05 deg. 43 min. 30 sec., and a chord which bears South 43 deg. 03 min. 15 sec. East, 49.94 feet to a 5/8-inch iron rod found marking a point of tangency;

South 40 deg. 11 min. 30 sec. East, a distance of 49.62 feet to the POINT OF BEGINNING and containing 0.9153 acre (39,870 square feet) of land.

“Exhibit A”

LEGAL DESCRIPTION

TRACT I

BEING A TRACT OR PARCEL OF LAND CONTAINING 8.2390 ACRES (358,892 SQUARE FEET) OUT OF A CALLED 8.7749 ACRE TRACT AS CONVEYED TO SAM'S REAL ESTATE BUSINESS TRUST AS DESCRIBED IN DEED RECORDED UNDER CLERKS FILE NO 9718991 DEED RECORDS HARRIS COUNTY, TEXAS SITUATED IN THE JAMES ALSTON SURVEY ABSTRACT NUMBER 101, FORT BEND COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN CALLED 22.941 ACRE TRACT OF RECORD IN VOLUME 1396, PAGE 417 OF THE FORT BEND COUNTY DEED RECORDS, FORT BEND COUNTY, TEXAS, SAID 8.2390 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS

COMMENCING AT A 5/8 INCH IRON ROD FOUND MARKING THE INTERSECTION OF THE SOUTHWESTERLY RIGHT-OF-WAY (R O.W) LINE OF DORRANCE LANE (WIDTH VARIES) WITH THE NORTHWESTERLY R O.W LINE OF THE US HIGHWAY 59 (400' WIDE) BEING THE EAST CORNER OF A CALLED 0.9153 ACRE TRACT DESCRIBED IN DEED RECORDED UNDER CLERK'S FILE NO 9669300 DEED RECORDS FORT BEND COUNTY, TEXAS.

THENCE SOUTH 44 DEGREES 05 MINUTES 00 SECONDS WEST, ALONG THE NORTHWESTERLY R.O.W LINE OF SAID U.S. HIGHWAY 59, A DISTANCE OF 199.55 FEET TO A 5/8 INCH IRON ROD SET FOR THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT,

THENCE SOUTH 44 DEGREES 05 MINUTES 00 SECONDS WEST, CONTINUING ALONG SAID NORTHWESTERLY R.O.W LINE OF SAID US HIGHWAY 59, A DISTANCE OF 466.82 FEET TO A 5/8 INCH CAPPED IRON ROD SET IN THE NORTHEAST LINE OF A CALLED 7.00 ACRE TRACT OF LAND RECORDED IN VOLUME 28, PAGE 16 OF THE FORT BEND COUNTY PLAT RECORDS,

THENCE NORTH 45 DEGREES 55 MINUTES 00 SECONDS WEST, ALONG THE NORTHEASTERLY LINE OF SAID 7.00 ACRE TRACT, A DISTANCE OF 571.47 FEET TO A 5/8 INCH IRON ROD SET FOR THE MOST WESTERLY CORNER OF THE HEREIN DESCRIBED TRACT,

THENCE NORTH 44 DEGREES 05 MINUTES 00 SECONDS EAST, A DISTANCE OF 353.18 FEET TO AN ANGLE PONT, FROM WHICH AN "X" FOUND IN CONCRETE BEARS NORTH 08 DEGREES 52 MINUTES 22 SECONDS WEST, 0.43 FEET,

THENCE NORTH 24 DEGREES 18 MINUTES 46 SECONDS EAST, A DISTANCE OF 295.73 FEET TO A POINT IN THE SOUTHWESTERLY R.O.W LINE OF THE AFOREMENTIONED DORRANCE LANE, FROM WHICH A CAPPED IRON ROD FOUND BEARS NORTH 61 DEGREES 17 MINUTES 53 SECONDS EAST, 0.41 FEET

THENCE ALONG SAID SOUTHWESTERLY R.O.W. LINE, A DISTANCE OF 302.00 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 1070.00 FEET, A CENTRAL ANGLE OF 16 DEGREES 10 MINUTES 17 SECONDS, AND A CHORD WHICH BEARS SOUTH 54 DEGREES 00 MINUTES 08 SECONDS EAST, 301.00 FEET TO A 5/8 INCH CAPPED IRON ROD FOUND MARKING THE END OF SAID CURVE.

THENCE SOUTH 45 DEGREES 55 MINUTES 00 SECONDS EAST, CONTINUING ALONG SAID SOUTHWESTERLY R.O.W. LINE, A DISTANCE OF 179.50 FEET TO A 5/8 INCH CAPPED IRON FOUND MARKING THE NORTH CORNER OF SAID 0.9153 ACRE TRACT,

THENCE SOUTH 44 DEGREES 05 MINUTES 00 SECONDS WEST, DEPARTING SAID SOUTHWESTERLY R.O.W LINE ALONG THE NORTHWEST LINE OF SAID 0.9153 ACRE TRACT A DISTANCE OF 206.99 (CALLED 207.00 FEET) TO AN “X” FOUND IN CONCRETE FOR CORNER,

THENCE SOUTH 45 DEGREES 55 MINUTES 00 SECONDS EAST ALONG THE SOUTHWEST LINE OF SAID 0.9153 ACRE TRACT, A DISTANCE OF 193.99 FEET TO THE POINT Of BEGINNING AND CONTAINING 8.2390 ACRES (358,892 SQUARE FEET) OF’ LAND

TRACT II

A PARCEL OF LAND CONTAINING 4.0000 ACRES (174,240 SQUARE FEET) BEING PART OF AND OUT OF THAT CERTAIN 16.9242 ACRE TRACT IN THE JAMES ALSTON SURVEY, ABSTRACT NO 101, IN FORT BEND COUNTY, TEXAS, AND THE JOHN ALSTON SURVEY ABSTRACT NO 100, IN HARRIS COUNTY, TEXAS. BEING ALL OF RESERVE “C” OF MEADOWS CENTER, SECTION ONE RECORDED IN FILM CODE NUMBER 346133 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS AND RECORDED UNDER SLIDE CODE NO 1086/A OF PLAT RECORDS OF FORT BEND COUNTY, TEXAS, SAID 4.000 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS

BEGINNING AT A 3/4 INCH IRON FOUND MARKING THE SOUTH CORNER Of SAID RESERVE “C” AND THE WEST CORNER OF RESERVE “A” OF SAID MEADOWS CENTER, SECTION ONE, IN THE NORTHEASTERLY LINE OF DORRANCE LANE (60’ WIDE),

THENCE NORTH 44 DEGREES 11 MINUTES 42 SECONDS EAST ALONG THE COMMON LINE OF SAID RESERVES “C” AND “A” FOR A DISTANCE OF 444.53 FEET TO A POINT FOR CORNER, FROM WHICH A 5/8 INCH IRON ROD FOUND BEARS SOUTH 81 DEGREES 33 MINUTES 56 SECONDS EAST, 0 34 FEET

THENCE NORTH 70 DEGREES 00 MINUTES 50 MINUTES WEST, FOR A DISTANCE OF 521.52 FEET TO A 5/8 INCH IRON ROD FOUND FOR CORNER,

THENCE SOUTH 44 DEGREES 11 MINUTES 42 SECONDS WEST, FOR A DISTANCE OF 323.51 FEET TO A 5/8 INCH IRON FOUND FOR CORNER, ON THE NORTHEAST RIGHT-OF-WAY LINE OF DORRANCE LANE. 60 FEET WIDE;

THENCE IN SOUTHEASTERLY DIRECTION ALONG THE NORTHEAST RIGHT-OF-WAY LINE OF DORRANCE LANE, 60 FEET WIDE, BEING A CURVE TO THE RIGHT OF

HAVING A RADIUS OF 1,130.00 FEET AND A CENTRAL ANGLE OF 23 DEGREES 16 MINUTES 39 SECONDS. FOR AN ARC DISTANCE OF 459.09 FEET HAVING A CHORD BEARING AND DISTANCE OF SOUTH 57 DEGREES 32 MINUTES 47 SECONDS EAST, 455.94 FEET TO A 5/8 INCH CAPPED IRON ROD FOUND FOR A POINT OF TANGENCY.

THENCE SOUTH 45 DEGREES 55 MINUTES 00 SECONDS EAST, CONTINUING ALONG THE NORTHEAST RIGHT-OF-WAY LINE OF DORRANCE LANE 60 FEET WIDE FOR A DISTANCE OF 29.26 FEET TO THE PLACE OF BEGINNING AND CONTAINING 4.0000 ACRES (174,240 SQUARE FEET) OF LAND,

TRACT III

BEING A TRACT OR PARCEL OF LAND CONTAINING 0.5676 ACRES (24,723 SQUARE FEET) OF LAND SITUATED IN THE JAMES ALSTON SURVEY, ABSTRACT NUMBER 101, FORT BEND COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN CALLED 22.941 ACRE TRACT OF RECORD IN VOLUME 1396, PAGE 417 OF THE FORT BEND COUNTY DEED RECORDS, FORT BEND COUNTY, TEXAS, SAID 0.5676 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

COMMENCING AT A 5/8 INCH IRON ROD FOUND MARKING THE INTERSECTION OF THE SOUTHWESTERLY RIGHT-OF-WAY (R.O.W) LINE OF DORRANCE LANE (WIDTH VARIES) WITH THE NORTHWESTERLY R.O.W LINE OF U.S. HIGHWAY 59 (WIDTH VARIES); AND BEING THE EAST CORNER OF A 0.9153 ACRE TRACT DESCRIBED IN DEED RECORDED UNDER CLERK'S FILE NO 9669300 OF THE DEED RECORDS FORT BEND COUNTY, TEXAS;

THENCE SOUTH 44 DEGREES 05 MINUTES 00 SECONDS WEST, ALONG THE NORTHWESTERLY R.O.W LINE OF SAID U.S. HIGHWAY 59, AND IN PART WITH THE SOUTHWEST LINE OF SAID 0.9153 ACRE TRACT, A DISTANCE OF 663.87 FEET TO A 5/8 INCH CAPPED IRON ROD SET IN THE NORTHEAST LINE OF THAT CERTAIN CALLED 7.00 ACRE TRACT OF RECORD IN VOLUME 28, PAGE 16 OF THE FORT BEND COUNTY PLAT RECORDS;

THENCE NORTH 45 DEGREES 55 MINUTES 0 SECONDS WEST. ALONG THE NORTHEASTERLY LINE OF SAID 7.00 ACRE TRACT, A DISTANCE OF 571.47 FEET TO A 5/8 INCH CAPPED IRON ROD SET FOR THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT AND THE NORTHWESTERLY CORNER OF A CALLED 8.7749 ACRE TRACT

THENCE CONTINUING NORTH 45 DEGREES 55 MINUTES 00 SECONDS WEST, A DISTANCE Of 70.00 FEET TO A 5/8 INCH IRON ROD SET FOR THE NORTHWESTERLY CORNER OF HEREIN DESCRIBED TRACT

THENCE NORTH 44 MINUTES 05 MINUTES 00 SECONDS EAST, A DISTANCE OF 353.18 FEET TO A POINT IN CONCRETE FOR THE NORTHEASTERLY CORNER Of THE HEREIN DESCRIBED TRACT. FROM WHICH A NAIL FOUND BEARS SOUTH 20 DEGREES 48 MINUTES 10 SECONDS EAST, 1 67 FEET,

THENCE SOUTH 45 DEGREES 55 MINUTES 00 SECONDS EAST, A DISTANCE OF 70.00 FEET TO A POINT FOR SOUTHEASTERLY CORNER SAME POINT LYING IN THE NORTH LINE OF SAID 8.7749 ACRE TRACT, FROM MUCH AN “X” FOUND BEARS NORTH 08 DEGREES 52 MINUTES 22 SECONDS WEST, 0.43 FEET,

THENCE SOUTH 44 DEGREES 05 MINUTES 00 SECONDS WEST, ALONG THE NORTHERLY LINE OF SAID 8.7749 TRACT, A DISTANCE OF 353.18 FEET TO THE POINT OF’ BEGINNING AND CONTAINING 0.5676 ACRES (24,723 SQUARE FEET) OF LAND

Exhibit A

Terms, conditions and stipulations contained in that certain Cathodic Protection Easement granted to Shell Pipe Line Corporation as set forth and defined in instrument recorded In Volume 1907, Page 269, of the Official Records of Fort Bend County, Texas. (As to Tract 1 and 3)

As noted only on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No 4663.

Water line easement(s) and water meter easement(s) granted to the Meadows Municipal Utility District as set forth and defined in Instrument recorded in Volume 2244, Page 280, of the Official Records of Fort Bend County, Texas (As to Tract 1)

As noted only on Survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Terms, conditions and stipulations contained in that certain Declaration of Restrictions and Grant of Easements as set forth and defined in instrument recorded in Volume 2211, Page 533, of the Official Records of Fort Bend County, Texas (As to Tract 1 and 3)

As noted only on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Terms, conditions and stipulations contained in that certain Declaration of Restrictions and Grant of Easements as set forth and defined in instrument recorded in Volume 2211, Page 520, of the Official Records of Fort Bend County, Texas and under Harris County Clerk's File No, M639502 (As to Tract 2)

As noted only on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Water line easement(s), utility easement(s) and storm sewer easement(s) granted to the Meadows Municipal Utility District as set forth, defined and further located in instrument recorded in Volume 1640, Page 690, of the Official Records of Fort Bend County, Texas. (As to Tract 1 & 3)

As shown on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Sign(s), sanitary man hole(s), as shown on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Those recorded in Declaration of Restrictions and Grant of Easements recorded in Volume 2211, Page 533, of the Official Records of Fort Bend County, Texas (As to Tract 1 and 3), those recorded In Declaration of Restrictions and Grant of Easements recorded in Volume 2211, Page 520, of the Official Records of Fort Bend County, Texas and under Harris County Clerk's File No. M639502 (As to Tract 2) and those recorded under Slide No. 1086/A, of the Plat Records of Fort Bend County, Texas and those recorded under Film Code No. 346133, of the Map Records of Harris County, Texas. (As to Tract 2)

Deleting any unlawful discriminatory provisions based on race, color, religion, sex, handicap, familial status or national origin.

Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or protrusions, or any overlapping of improvements.

A Sanitary sewer easement and building set back line 10 feet in width located along Dorrance Lane as provided for in right-of-way Deed recorded in Volume 507, Page 166, of the Deed Records of Fort Bend County, Texas. (As to Tract 1, 2, and 3) Same being shown on the map or plat recorded under Slide No. 1086/A, of the Plat Records of Fort Bend County, Texas and under Film Code No. 346133, of the Map Records of Harris County, Texas. (As to Tract 2 only)

As shown on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Storm sewer and sanitary sewer easement granted to the Meadows Municipal Utility District as set forth, defined and located in Instrument recorded in Volume 1105, Page 234, of the Deed Records of Fort Bend County, Texas. (As to Tract 1 and 3)

Same having been partially released as set forth and defined in instrument recorded in Volume 1640, Page 690, of the Official Records of Fort Bend County, Texas.

As noted only on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Easements granted to Houston Lighting and Power Company as set forth, defined and further located in Instrument recorded in Volume 1508, Page 634, of the Office Records of Fort Bend County, Texas (As to Tract 1)

As noted only on survey dated April 2, 2001, prepared by John Bernard, R.P.L.S. No. 4663.

Any and all leases recorded or unrecorded with rights of tenants in possession (As to Tracts 1, 2, and 3)

Subject property has frontage or abuts U.S. highway 59 (Southwest Freeway) which is a controlled access highway. The Company by this policy does not insure against the exercise of power by competent governmental authority to limit, control or deny access, ingress or egress to the above-described property from U.S. Highway 59 (Southwest Freeway) or service road which the subject property abuts, nor does it insure that the assured has or shall continue to have access, ingress, and egress from such property to and from such highway and service road. (As to Tracts 1 and 3)

Zoning Ordinances by the City of the Meadows, Texas. (As to Tracts 1, 2, and 3)

Drainage easement 15 feet in width on each side of the center line of all natural drainage courses as shown by the recorded plat(s) of said subdivision. (As to Tract 2)

All oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same are expected here from as set forth in instrument recorded in Volume 1907, Page 1992, of the Official Records of Fort Bend County, Texas. (As to Tracts 1, 2, and 3) Surface rights not waived. Title to said interest not checked subsequent to date of aforesaid instrument.

Exhibit “B”

ORDINANCE 2011- 19

AN ORDINANCE OF THE CITY OF MEADOWS PLACE, TEXAS, GRANTING A SPECIFIC USE PERMIT AUTHORIZING USE OF APPROXIMATELY 34.89 ACRES OF LAND IN THE CITY OF MEADOWS PLACE AS A SPECIFIC USE- TRANSPORTATION, AUTOMOTIVE AND RELATED USES: AUTO OR MOTORCYCLE SALES, AUTO PARTS SALES, AUTOMOBILE SERVICE STATIONS, AND AUTOMOBILE SERVICES; PROVIDING LIMITATIONS, RESTRICTIONS, AND CONDITIONS ON SUCH USE; DESCRIBING SUCH 34.89 ACRES OF LAND; AMENDING THE ZONING DISTRICT MAP OF THE CITY AS ADOPTED BY ORDINANCE NO. 85-036 ADOPTED ON DECEMBER 5, 1985, AS AMENDED; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING A PENALTY; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, Sohani Heritage Trust and Beechnut FEC, LLC ("Owners") are the owners of approximately 12.80 acres of land and 22.09 acres of land within the corporate limits of the City of Meadows Place, Texas ("City") respectively; and

WHEREAS, the 12.80 acres of land and 22.09 acres, total acreage 34.89 acres ("Property"), is currently zoned C-2 Commercial District; and

WHEREAS, the Owners have provided written authorization for Left Gate Property Holding, Inc. d/b/a Texas Direct Auto to apply for a Special Use Permit from the City authorizing the specific use of "Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services" on the Property; and

WHEREAS, Left Gate Property Holding, Inc. d/b/a Texas Direct Auto ("Applicant") submitted an application ("Application") to the City for a Special Use Permit authorizing the specific use of "Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services" on the Property; and

WHEREAS, the City Planning and Zoning Commission and the City Council of the City of Meadows Place conducted, in the time and manner and after the notice required by law and the City of Meadows Place zoning ordinance, a joint public hearing on the Application; and

WHEREAS, all persons appearing at such joint public hearing who desired to speak on the Application were afforded that opportunity and their comments were duly noted and considered; and

WHEREAS, after the joint public hearing, the Planning and Zoning Commission of the City of Meadows Place made its recommendation and final report to the City Council; and

WHEREAS, the City Council of the City of Meadows Place now deems it appropriate to grant the Specific Use Permit ("SUP") requested in the Application;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MEADOWS PLACE, TEXAS:

Section 1. The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The joint public hearing before the City Council of the City of Meadows Place and the City's Planning and Zoning Commission on the Application for a Specific Use Permit is declared closed prior to the final adoption of this Ordinance.

Section 3. Presently, said 34.89 acre tract of land has a zoning classification of C-2 Commercial. The 34.89 acres of land are more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes.

Section 4. The Specific Use of Property authorized and permitted by this Ordinance is as a "Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services,"

Section 5. The Specific Use authorized and permitted by this Ordinance shall be developed in accordance with the Meadows Place Code of Ordinances and shall be developed subject to the following limitations, restrictions, and conditions:

a. *Additional use requirements*. It shall be unlawful for any person to make use of the Property except in accordance with the uses permitted in a C-2 Commercial District, with the performance standards set forth in Sections 153.060 through 153.079 and with the additional regulations listed below.

b. *Trash and laundry*. The trash and laundry regulations for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply.

c. *Sidewalk sales*. The sidewalk sales regulations for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply.

d. *Standard regulations – commercial structures*. The standard regulations- commercial structures for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply.

e. *Parking*. The parking regulations for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply. All parking surfaces shall be concrete paving. There shall be no loading or unloading of any vehicles on any public right-of-way.

f. *Screening*. The screening regulations contained in Section 153.072 of the City of Meadows Place Code of Ordinances shall apply. Fencing shall have a minimum ten (10) foot setback from any curb right-of-way.

g. *Outdoor lighting*. The outdoor lighting regulations for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply.

h. *Antennas*. The antenna regulations for a C-2 Commercial District contained in Section 153.095 of the City of Meadows Place Code of Ordinances shall apply.

i. *Architectural commercial aesthetics*. The architectural commercial aesthetics contained in Section 153.097 of the City of Meadows Place Code of Ordinances shall apply.

j. *Signs*. The sign regulations contained in Section 153.198 of the City of Meadows Place Code of Ordinances shall apply.

k. *Assignment*. This SUP is granted only to the Applicant. No assignment by Applicant of this SUP shall occur unless an application for assignment is submitted to the City Council. Such assignment application shall contain financial information of the proposed assignee along with any other information deemed necessary by the City Council. The City Council shall conduct a hearing on the assignment application. The City Council will not unreasonably withhold approval of an assignment application. Subleasing is not considered an assignment so long as Applicant remains as lessor. Applicant shall remain liable for all terms and conditions of this Ordinance and any development agreement.

l. *Taxes*. Applicant is not the owner of the Property; however, in the event that delinquent taxes are owed on the Property by the owner(s), the City may repeal this SUP. The City also may commence with any legal action to collect such taxes owed.

m. *Reimbursement*. Applicant shall reimburse the City any costs associated with preparation of this SUP. Such reimbursement shall occur within thirty (30) days of the City sending a written invoice to the Applicant.

n. *Expiration*. This SUP shall expire in two (2) years from the date of adoption if no certificate of occupancy is filed by Applicant and granted by the City. Applicant may request that City Council extend the expiration date by submitting to the City Council an extension application no later than sixty (60) days before the expiration date. The City Council shall conduct a hearing on the expiration application. The City Council shall determine whether to grant such an extension and for how long. All building, structures, and improvements must be complete no later than 5 years from the date of this Ordinance.

o. *Waiver*. There shall not at any time be any waiver or attempted waiver of the terms or provisions of this Ordinance.

p. *Repeal*. The City Council may repeal this SUP if any of the terms or conditions contained in this Ordinance, the City's Code of Ordinances, or any development agreement is violated.

Section 6. The Zoning District Map of the City of Meadows Place, Texas, shall be revised and amended to show the specific use permitted on said 34.89 acre tract of land as granted by the Ordinance, with the appropriate reference to the number and effective date of this Ordinance.

Section 7. This Ordinance shall in no manner amend, change, supplement, or revise any provision of any ordinance of the City of Meadows Place, Texas, save and except the change in the specific use of the land described in Section 3 hereof authorizing the Specific Use-"Transportation, Automotive and Related Uses; Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services" and the imposition of the limitations, restrictions, and conditions contained herein.

Section 8. *Repeal*. Any ordinance or any part of an ordinance in conflict herewith shall be and is hereby repealed only to the extent of such conflict.

Section 9. *Penalty*. Any person who violates or causes, allows or permits another to violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than two thousand dollars ($2000.00). Each occurrence of any such violation of this Ordinance shall constitute a separate offense. Each day on which any such violation of this Ordinance occurs shall constitute a separate offense.

Section 10. *Severability*. In the event any clause, phrase, provision, sentence or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Meadows Place, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

PASSED, APPROVED and ADOPTED this the 28 day of June, 2011.

/s/ Charles Jessup

Charles Jessup, Mayor

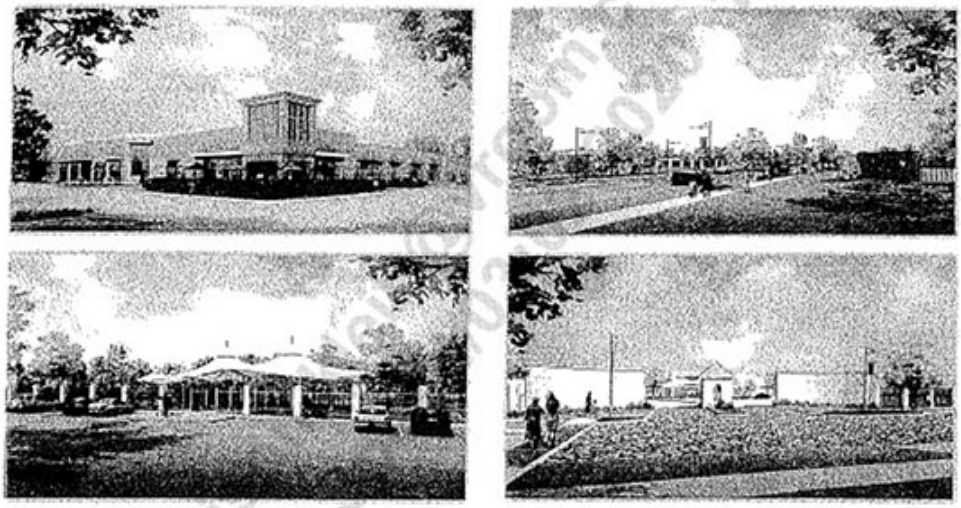
ATTEST:

/s/ Elaine Herff

Elaine Herff, City Secretary

City of Meadows PLACE

Your Place for Life.



Public Hearing
Supporting Documents

Prepared for
City of Meadow's Place

Prepared by
Texas Direct Auto

WHO IS TEXAS DIRECT AUTO

With over half a billion in annual sales, Texas Direct Auto is the largest independent dealership in the nation and is the largest eBay Motor's Dealership in the World.

Texas Direct Auto was founded by Rick Williams and Mike Welch, two high-tech Texans with no background in the auto industry. After selling their successful software company in 2001, they began working on their next project – Texas Direct Auto. Through countless hours, lots of automation and good old fashioned hard work, they have grown from a small store with only 3 employees, selling only 10 units a month, to the largest dealership of its kind with 300 employees, selling 1700-2000 units every month.

We are seeking a Specific Use Permit from the City of Meadow's Place to allow us to expand our growing operation. As part of this expansion, we plan to invest a significant amount of money upgrading and beautifying the aging retail center. This includes a new highway 59 retail facade, a Dorrance Lane face lift, neighborhood signs, the installation of a Dog Park, and more.

TEXAS DIRECT AUTO · NORTH CAMPUS
JUNE 14, 2011

ROY HARPER AIA ASSOCIATES INC.
ARCHITECTS
PLANNERS

POTENTIAL RETAIL SALES TAX IMPACT

Retail Space	45000
Parking Estimate	331

Taxable Retail Sales	Low	High
NAPA Retail (Non TDA)	$ 35,000	$ 45,000
NAPA Retail (*TDA Warranty/Other)	$ 75,000	$ 90,000
Leased Retail Spaces ($1 - $3)	$ 45,000	$ 135,000
	$ 155,000	$ 270,000
Totals - Annual (12 mo)	$ 1,860,000	$ 3,240,000

TDA Warranty/Other is based on 1700 Retail Units

Other Revenues	Low	High
VIT Sales Revenue	$ 1,000,000	$ 2,000,000
Totals - Annual (12 mo)	$12,000,000	$24,000,000

We except to retail 100-200 units a month avg price $10,000 per unit

Taxable Retail Sales are broken into three parts. Both NAPA estimates are based on historical performance at locations in like areas, as well as estimated return service/warranty penetration on 1700 units a month. We're less certain on the leased space. These numbers were derived by plugging in published ranges into the 45,000 SQFT of retail space that we'll have available.

Other Revenues are sales revenues that Vehicle Inventory Tax (VIT) can be charged on. This will require TDA to setup a separate dealer license and complete the sale out of the new store. We're estimating 100-200 retail sales a month with this arrangement.

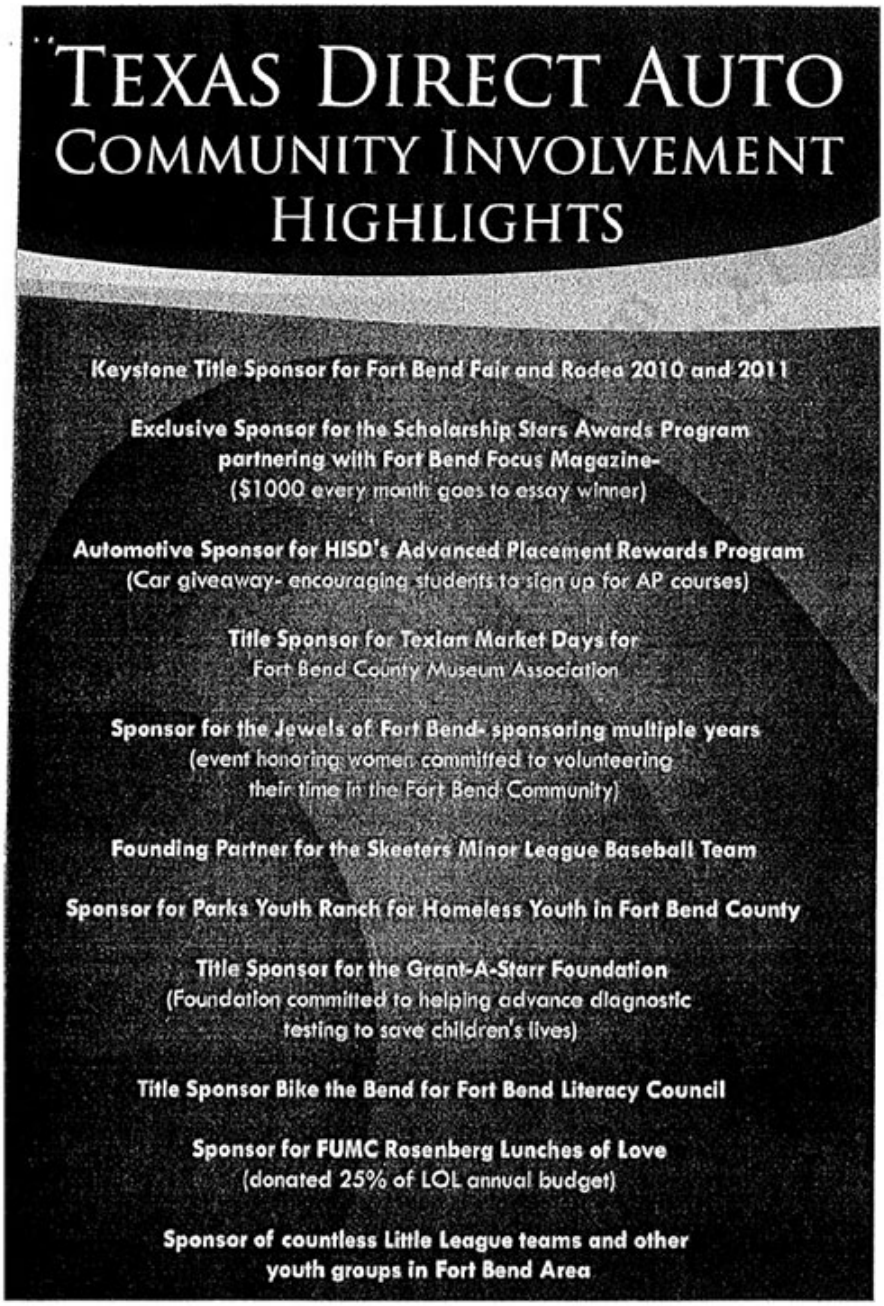

TEXAS DIRECT AUTO
COMMUNITY INVOLVEMENT
HIGHLIGHTS
Keystone Title Sponsor for Fort Bend Fair and Rodeo 2010 and 2011
Exclusive Sponsor for the Scholarship Stars Awards Program
partnering with Fort Bend Focus Magazine-
($1000 every month goes to essay winner)
Automotive Sponsor for HISD's Advanced Placement Rewards Program
(Car giveaway- encouraging students to sign up for AP courses)
Title Sponsor for Texian Market Days for
Fort Bend County Museum Association
Sponsor for the Jewels of Fort Bend- sponsoring multiple years
(event honoring women committed to volunteering
their time in the Fort Bend Community)
Founding Partner for the Skeeters Minor League Baseball Team
Sponsor for Parks Youth Ranch for Homeless Youth in Fort Bend County
Title Sponsor for the Grant-A-Starr Foundation
(Foundation committed to helping advance diagnostic
testing to save children's lives)
Title Sponsor Bike the Bend for Fort Bend Literacy Council
Sponsor for FUMC Rosenberg Lunches of Love
(donated 25% of LOL annual budget)
Sponsor of countless Little League teams and other
youth groups in Fort Bend Area

EXHIBIT D

MEMORANDUM OF DEVELOPMENT AGREEMENT

THE STATE OF TEXAS §
§ KNOW EVERYONE BY THESE PRESENTS:
COUNTY OF FORT BEND §

A Development Agreement (the "Agreement") was made and entered into as of June 28, 2011, by and between the CITY OF MEADOWS PLACE, TEXAS (the "City"), a municipal corporation in Fort Bend County, Texas, acting by and through its governing body, the City Council and LEFT GATE PROPERTY HOLDING, INC. d/b/a TEXAS DIRECT AUTO (the "Developer").

The Developer leases approximately 34.89 acres of land more particularly described in **Exhibit A** attached hereto incorporated here in for all purposes ("Property").

The purpose of the Agreement is to define the City's regulatory authority over the Property, to establish certain restrictions and commitments imposed and made in connection with the development of the Property for use as a Transportation, Automotive and Related Uses: Auto or Motorcycle Sales, Auto Parts Sales, Automobile Service Stations, and Automobile Services, to provide certainty to the Landowner concerning regulation of the Property, and to identify and establish a plan and development guidelines for the development of the Property.

A copy of the Agreement, and all exhibits, and supplements or amendments thereto, may be obtained from the City Secretary of the City of Meadows Place, Texas, upon payment of duplicating costs.

EXECUTED as of June 28, 2011

CITY OF MEADOWS PLACE, TEXAS

By: /s/ Charles Jessup
Charles Jessup, Mayor

ATTEST:

By: /s/ Elaine Herff
Elaine Herff, City Secretary

LEFT GATE PROPERTY HOLDING, INC.
d/b/a TEXAS DIRECT AUTO

By: /s/ Mike Welch
Name: Mike Welch
Title: Secretary

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

This First Amendment to Development Agreement (this "***Amendment***") is entered into this 31 day of December, 2019 (the "***Amendment Effective Date***") by and between THE CITY OF MEADOWS PLACE, TEXAS (the "***City***") and LEFT GATE PROPERTY HOLDING, LLC D/B/A Texas Direct Auto and Vroom, successor-in-interest to Left Gate Property Holding, Inc. D/B/A Texas Direct Auto ("***Developer***").

RECITALS

WHEREAS, the City and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto (predecessor-in-interest to Developer) entered into that certain Development Agreement between the City of Meadows Place, Texas, and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto, dated June 28, 2011, attached hereto as Exhibit 1 (the "***Original Agreement***");

WHEREAS, Left Gate Property Holding, Inc. was subsequently converted from a Texas corporation to a Texas limited liability company, Left Gate Property Holding LLC; and

WHEREAS, the City and Developer desire to amend the Original Agreement to make certain changes to the Original Agreement as are set forth in this Amendment.

AGREEMENT

NOW THEREFOR, FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the City and Developer hereby agree that the Original Agreement is amended as set forth herein. Unless otherwise expressly provided in this Amendment, defined terms used in this Amendment shall have the meanings ascribed to them in the Original Agreement.

1. Section 3.04 of the Original Agreement is hereby amended to add the following paragraph to the end of such section:

"Developer agrees to install, maintain, and repair a French drain, or similar drainage system after securing City's written approval of such alternative drainage method, on the West side of the dog park. Developer further agrees to re-landscape the dog park, removing all existing water features which are in place as of the Amendment Effective Date, and to maintain and repair such landscaping. Developer shall install, maintain, and repair a water fountain which is designed to accommodate dogs. Developer agrees to complete the improvements and renovations contained in this Section 3.04 within one hundred twenty (120) days of the Amendment Effective Date. Developer further agrees to allow the City of Meadows Place Police Department to install and access a camera system in the dog park. Such camera system shall be installed and accessed at the sole cost of, and in the discretion of, the City of Meadows Place Police Department, and Developer shall have no responsibility or liability in connection therewith. Developer further agrees to install, maintain, and repair prominent signage in the dog park that states, "*This Dog Park is maintained by Texas Direct Auto. Please Contact Texas Direct*

Auto at the following e-mail address with any questions or concerns: dogpark@texasdirectauto.com." Developer agrees to take corrective action within 10 business days for complaints or concerns received regarding items in the dog park in need of repair.

2. ARTICLE III of the Original Agreement is hereby amended to add the following section at the end of such article:

"**Section 3.10**. **No Parking in Alleyway**. The Developer agrees to use reasonable efforts to keep the alleyway which extends from Troyan Drive to Dorrance Lane, as depicted on Schedule 1 attached hereto, clear of obstructions, including but not limited to, parked vehicles. Developer agrees to paint the alleyway curbs red and to install, maintain, and repair fire lane striping and signage indicating that the alleyway is a fire lane. Section 4.01(a)6 of the Original Agreement is hereby amended to add the following paragraph at the end of such section:

"Developer agrees to pay to the City an amount of ten thousand dollars ($10,000) per month ("***Developer Payment***") during the term of this Agreement. Such payment shall be made on the first (1st) of each month, beginning on the first month following the Amendment Effective Date and continuing through the Expiration Date. For the avoidance of doubt, the parties acknowledge and agree that no such payment is owed or payable in respect of any period preceding the Amendment Effective Date. In the event that a tenant occupies retail space in the Property, Developer will notify the City of such tenancy, and if such tenant generates sales tax revenue in any month, the City shall rebate to Developer an amount equal to the lesser of (i) the City's collected share of the sales tax revenue received for such month and (ii) the Developer Payment for such month. Such rebated amount, if applicable, shall be paid to Developer within fifteen (15) business days after the date the City receives from the Secretary of State of Texas information regarding the specific amount of sales tax revenue generated by the tenant. If the amount of sales tax revenue actually received by the City from the tenant exceeds $10,000 per month for any three (3) consecutive months, then the payment by Developer to the City and the rebate from the City to Developer shall be suspended until and if the sales tax revenue actually received by the City falls below $10,000 in any individual month, in which case Developer payments and City rebates shall automatically be reinstated. Developer agrees that the sales and sales tax information for any tenant which occupies retail space in the Property shall remain confidential. Developer shall have no right to audit any such sales or sales tax information."

3. The Original Agreement is hereby amended by deleting Section 5.02 in its entirety and replacing it with the following:

"**Section 5.02**. **Term**. This Agreement shall bind the parties and continue through December 31, 2024 (the "***Expiration Date***"), unless terminated on an earlier date pursuant to other provisions, or by express written agreement executed

by the City and Developer. Upon the expiration of this Agreement, the Agreement may be extended, at the Developer's request and with City Council approval, for successive one-year periods."

4. Section 6.01 of the Original Agreement is hereby amended by deleting the notice addresses set forth therein and replacing them for all purposes with the following addresses:

"City: City of Meadows Place, Texas
One Troyan Drive
Meadows Place, Texas 77477
Attn: City Secretary
Fax: (281) 983-2940

With a copy to:

Grady Randle
Randle Law Office
820 Gessner, Suite 1570
Houston, Texas 77024
Fax: (832) 476-9554

Developer:

Left Gate Property Holding, LLC d/b/a Texas Direct Auto and Vroom
1375 Broadway, 11th Floor
New York, NY 10018
Attn: Deni Stott

With a copy to:

Left Gate Property Holding, LLC d/b/a Texas Direct Auto and Vroom
2103 City West, Suite 1100
Houston, Texas 77042
Attn: Scott Jacobson, Director, Real Estate & Facilities

Vroom, Inc.
1375 Broadway, 11th Floor
New York, NY 10018
Attn: Chief Legal Officer"

5. Ratification. The City and Developer hereby ratify and confirm their respective obligations under the Original Agreement, and that, as of the Amendment Effective Date, the Original Agreement, as amended by this Agreement, and the Specific Use Permit are and remain in good standing and in full force and effect.

6. Miscellaneous. This Amendment shall become effective only upon full execution and delivery by the City and Developer. This Amendment contains the parties' entire agreement regarding the subject matter covered by this Amendment, and supersedes all prior correspondence,

negotiations, and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in this Amendment. All provisions of the Original Agreement not explicitly amended or modified in this Amendment shall remain in full force and effect, and the Original Agreement, as modified by this Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

7. Acknowledgement. The City and Developer acknowledge and agree that this Amendment complies with the requirements set forth in Section 6.10 of the Original Agreement with respect to amendments to the Original Agreement.

8. Applicable Law and Venue. The construction and validity of this Amendment shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Fort Bend County, Texas.

9. Counterparts. This Amendment may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

10. Authority for Execution. The City hereby certifies, represents, and warrants that the execution of this Amendment is duly authorized and adopted in conformity with City ordinances. Developer hereby certifies, represents, and warrants that the execution of this Amendment is duly authorized and adopted in conformity with the governing documents of such entity.

11. Anti-Boycott Verification. As required by Chapter 2271, Texas Government Code, the Developer hereby verifies that the Developer does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

12. Foreign Terrorist Organizations. Pursuant to Chapter 2252, Texas Government Code, the Lessor represents and certifies that, at the time of execution of this Agreement neither the Developer, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code.

[*Signature pages follow*]

IN WITNESS WHEREOF, the undersigned parties have executed this First Amendment as of the 31 day of December 2019 to be effective as of the Amendment Effective Date.

CITY OF MEADOWS PLACE, TEXAS

By: /s/ Charles Jessup
Charles Jessup, Mayor

ATTEST:

By: /s/ Courtney Rutherford
Courtney Rutherford, City Secretary

[City Seal]

LEFT GATE PROPERTY HOLDING, LLC d/b/a
Texas Direct Auto and Vroom

By: /s/ C. Denise Scott
Name: C. Denise Stott
Title: Chief People & Culture Officer

SCHEDULE 1

DEPICTION OF ALLEYWAY

Exhibit 10.11

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Customer Experience Management Agreement

This Customer Experience Management Agreement ("Agreement"), is entered into this 17th day of April, 2020 (the "Effective Date"), by and between Left Gate Property Holding LLC, a Texas limited liability company, d/b/a Texas Direct Auto or Vroom, with its principal place of business located at 1375 Broadway, 11th Floor, New York, NY 10018 ("Vroom"), and Rock Connections LLC, a Michigan limited liability company with its principal place of business located at 660 Woodward Ave, 5th Floor, Detroit, MI 48226 ("Rock"). Vroom and Rock are each sometimes referred to herein as a "Party" and, together, the "Parties".

Recitals

WHEREAS, Vroom is an e-commerce company that enables consumers to buy, sell, trade-in and finance used motor vehicles online, reconditions vehicles, and delivers and picks up vehicles to and from consumers' homes (collectively, Vroom's "Business");

WHEREAS, Vroom lists its motor vehicle inventory ("Vehicles") for sale online via its websites, www.vroom.com and www.texasdirectauto.com, and various third-party automotive marketplace websites (each, a "Site"), and maintains phone numbers that consumers can call to obtain support in buying or selling a vehicle from or to Vroom (each, a "Transaction");

WHEREAS, Rock operates a customer experience center and is in the business of providing customer sales and support services; and

WHEREAS, Vroom desires to retain Rock to provide customer sales and support services in connection with Vroom's business, and Rock desires to provide such services, on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree as follows:

1. Engagement of Rock; Scope of Services.

a. Subject to the terms and conditions of this Agreement, Vroom hereby retains Rock to provide the customer sales and support services set forth herein ("Services") and Rock hereby undertakes and agrees to provide such Services.

b. The Services provided by Rock hereunder shall include the following:

(i) Answer and respond to inbound calls from customers and potential customers (each, a "Customer") who may be interested in completing a Transaction with Vroom;

(ii) Place outbound telephone calls to Customers who have submitted their contact information to Vroom through a Site or otherwise indicating interest in a Vehicle or potential Transaction ("Leads");

(iii) Make follow-up outbound calls to Customers who could not be reached or who request a return call;

(iv) Transfer calls to other operational teams at Vroom in accordance with Vroom's policies and procedures, such policies and procedures to be in all cases reasonable and provided in advance, and when updated or modified to require material business adjustments on the part of Rock, provided no less than ten (10) business days in advance ("Policies and Procedures");

(v) Send emails to Customers who have consented to receiving email communications from Vroom or in response to Leads in accordance with Vroom's Policies and Procedures;

(vi) When and if implemented by Vroom pursuant to written instruction, send text messages to Customers to facilitate completion of a Transaction or in response to Leads, provided that the Customer has consented to receiving text messages from Vroom and Rock sends such texts only in accordance with Vroom's Policies and Procedures;

(vii) When and if implemented by Vroom pursuant to written instruction, provide support via online chat messages to Customers to facilitate completion of a Transaction or in response to Leads in accordance with Vroom's Policies and Procedures;

(viii) Assist Customers in selecting a Vehicle, understanding Vehicle features, obtaining credit pre-approval, completing a credit application, obtaining trade-in appraisals, understanding Vroom's limited warranty, understanding Value-Added Products (as defined below) and understanding Vroom's transaction terms, in each case, as may be requested by the Customer;

(ix) Assist Customers who wish to sell their Vehicle to Vroom and are not trading in such Vehicle in connection with a Vehicle purchase ("Direct Buy") in obtaining an appraisal from Vroom. Any such Direct Buy Services shall be conducted by the Client Communication Specialist ("CCS") team at Rock in accordance with Vroom Policies and Procedures;

(x) For each Customer who chooses to purchase a Vehicle and has or obtains the requisite financing to do so, complete and email to such Customer a summary of the terms of the proposed transaction, including Vehicle price, financing terms, fees and taxes, Value-Added Products and trade-in value, in each case, as applicable ("Deal Summary") in a form mutually agreed by Vroom and Rock;

(xi) Enter and save all required information in Vroom's customer relationship management ("CRM") system in accordance with Vroom's Policies and Procedures;

(xii) Collect documentation from Customers that is needed to complete a Transaction, such as a driver's license, proof of insurance, and any requested loan stipulations;

(xiii) Ensure that the Deal Summary and documents collected from each Customer are saved appropriately in Vroom's CRM, change the stage of the Transaction in the CRM to "finalizing deal" for Quality Assurance Team review and, following such review, change the status of the Transaction in the CRM to "Contracting" so it can be picked up by the Vroom documentation team (or such other designations as Vroom may determine and communicate to Rock pursuant to written instruction); and

(xiv) Provide such other assistance and guidance to Customers as may be reasonably necessary to assist them in a Transaction.

c. The Parties acknowledge and agree that the purpose of the Services is to maximize sales by Vroom of Vehicles, trade-ins of Vehicles by Customers, sales by Vroom of Value-Added Products, and Direct Buys of vehicles from Customers, while providing to Customers the highest quality customer service and support.

d. Rock shall provide the Services for all Vehicles and all vehicle-related goods and services offered by Vroom, including financing, GAP coverage, service contracts, extended warranties, and wheel and tire coverage (collectively, the "Value-Added Products"). The Parties acknowledge and agree that Vroom may introduce additional products during the Term (such additional products, other than any usual and customary updates, upgrades, or evolutionary developments to the Value-Added Products as would typically be expected to occur in products and services of that nature, the "Related Products") and, in such event, Vroom and Rock shall negotiate in good faith and agree to a per-Related Product fee to be payable by Vroom hereunder and shall amend Appendix A accordingly. The Services, and all terms and conditions herein, apply to the Vehicles, the Value-Added Products and the Related Products. If Related Products are introduced during the Term, Vroom shall provide reasonable advance notice of and information about such additional Related Products to Rock to enable Rock to inform and train its telephone service agents ("Agents") as necessary and appropriate to provide quality Services with respect to such Related Products.

e. Except as set forth above with regard to Related Products and Direct Buys, should Vroom require Rock to provide any services other than those described herein, such services may be provided by Rock in its sole discretion, upon negotiation and execution of an amendment hereto.

f. In providing the Services hereunder, Rock shall adhere to any limitations on Vroom's business activities, as set forth in Policies and Procedures duly provided to Rock.

2. Term; Termination.

a. The initial term of this Agreement shall commence on the Effective Date and continue until December 31, 2021 (the "Initial Term"). This Agreement shall automatically renew for successive one (1) year terms (each, a "Renewal Term") unless either Party gives the other written notice of its intention not to renew this Agreement at least one hundred and twenty (120)

days prior to the end of the then current term, or unless terminated as provided elsewhere herein (the Initial Term, together with each Renewal Term, if any, being collectively referred to herein as the "Term"). In the event either Party gives notice of its intention not to renew this Agreement, if requested by Vroom in writing prior to the termination date, Rock will continue to provide the Services for a period of up to thirty (30) days after the termination date (the "Transition Period"), and Rock further will provide any assistance reasonably requested by Vroom during the Transition Period to facilitate the transfer of the performance of the Services to any successor designated by Vroom; provided, however, that Vroom will reimburse Rock for all reasonable costs and expenses incurred by Rock during the Transition Period.

b. Either Party (the "Terminating Party") may terminate this Agreement upon forty-five (45) days' prior written notice to the other Party as specified below if the other Party (the "Defaulting Party") materially defaults in the performance of its obligations under this Agreement or otherwise materially breaches this Agreement. Upon the occurrence of such a default, the Terminating Party shall give the Defaulting Party written notice of such default, specifying in reasonable detail the nature and extent of such default. Except as otherwise set forth herein, the Defaulting Party shall have forty-five (45) days to cure the default specified in such written notice, and failing such cure, the Terminating Party may terminate the Agreement immediately upon sending further written notice.

c. In addition to the foregoing, either Party shall have the right to terminate this Agreement immediately upon the occurrence of any of the following events with respect to the other Party: (a) the institution of proceedings for relief under any current or future bankruptcy or insolvency law; (b) the execution by such Party of an assignment for the benefit of its creditors; (c) the admission by such Party in writing of its inability to pay its debts as the same become due; and/or (d) the institution of involuntary bankruptcy proceedings against such Party, which involuntary proceedings are not dismissed within sixty (60) days from the date that the same were instituted.

d. Any termination of this Agreement shall be effective on the date set forth in the applicable notice, unless otherwise specified in this Agreement. Termination shall not relieve either Party of liability for any default under or breach of this Agreement, or any obligations incurred prior to such termination.

3. Fees; Payments; Costs and Expenses.

a. Vroom shall pay Rock the fees and other compensation for the Services as set forth in Appendix A hereto (collectively, "Service Fees").

b. Rock shall invoice Vroom at the end of each month for the Service Fees. Vroom shall pay all undisputed amounts of the invoice no later than thirty (30) days of its receipt of such invoice.

c. Each Party shall bear its own costs and expenses incurred in connection with this Agreement or the Services, unless otherwise specified in this Agreement.

d. If Vroom reasonably disputes any portion of an invoice received from Rock, Vroom must pay the undisputed amount of the invoice in accordance with the terms of this Agreement and submit written notice to Rock concerning the disputed amount within thirty (30) days of receiving the invoice. The Parties shall meet and attempt in good faith to resolve the dispute. If the Parties agree that a balance is due different than that initially invoiced, Rock shall issue an invoice for such balance and Vroom shall issue payment within thirty (30) days of receiving said invoice.

4. [***].

5. Responsibility for Agents; Staffing; Training; Scripts.

a. Rock shall hire, manage and direct all Agents assigned to perform the Services. Rock is solely responsible for all salaries, wages and benefits of its Agents.

b. Rock shall designate an account representative who shall be responsible for interacting with the designated Vroom representative(s) and supervising compliance by the Agents with Vroom's Policies and Procedures applicable to the Services.

c. Rock and Vroom shall create, mutually agree upon and maintain a staffing plan ("Staffing Plan") to adjust staffing levels for Agents from time to time as needed [***].

d. Pursuant to the Staffing Plan, the Parties shall review hiring levels and needs on a rolling three-month basis [***] and otherwise ensure adequate staffing of Agents to provide the Services throughout the Term. Rock undertakes and agrees to hire Agents on a monthly basis as needed to meet the agreed-upon staffing levels (such Agents hired each month being referred to collectively herein as a "Cohort"). Without Vroom's prior written consent, Rock shall not reduce the total number of Agents providing the Services below the level required [***] (excluding natural attrition). In the event that either Party wants to make a material change (*i.e.*, ten (10) or more) in the total number of Agents (including, without limitation Cohorts and Active Agents) providing Services, such Party must provide the other Party at least two (2) weeks prior written notice.

e. Rock shall provide an on-boarding program for training and development of all Cohorts ("On-Boarding Program"). The Parties shall work together to develop proper training for Rock's Agents during such On-Boarding Program, which shall include creating training materials and protocols (together, "Training Materials") and frequently asked questions ("FAQs") tailored to Vroom. For each Cohort, the On-Boarding Program shall run for a period of time to be agreed upon by the Parties and consist of both classroom training and work as an Agent. Rock shall at all times be responsible for the training and performance of its Agents and shall ensure that Agents in all Cohorts are given the proper level of training during the On-Boarding Period and thereafter throughout the Term. Vroom has the right to monitor any training program conducted by Rock relating to the Services.

f. Vroom and Rock shall mutually develop and agree to one or more scripts tailored to Vroom to be used by the Agents in providing the Services ("Scripts"). The Scripts shall include appropriate material for various scenarios that may arise with Customers, and cover marketing and sales of Vehicles, Value-Added Products and, if applicable, Related Products.

g. Vroom shall be responsible for the compliance of all Scripts with applicable law and regulation. Rock shall instruct its Agents to read the Scripts without deviation or change, except for non-material transitions. If Vroom desires to make a non-material change in the Scripts, Rock shall promptly make or cause to be made such changes at the request of Vroom. Rock undertakes and agrees that all activities undertaken by its Agents while providing the Services shall strictly adhere to the Scripts that have been reviewed and approved in accordance with this section. Notwithstanding the foregoing, the Parties acknowledge that the nature of Rock's interactions with Customers is such that the Scripts cannot cover every potential feature of such interactions, and as such, the Scripts must be strictly adhered to only to the extent Script elements are required to be included in every interaction or are applicable to specifically enumerated situations. Rock agrees and represents that any off-Script Customer interactions will be free of misconduct and misrepresentation, will follow any applicable Policies and Procedures, and will be in compliance with applicable laws and regulations.

h. Rock shall notify Vroom promptly in writing upon its receipt or knowledge of any complaint from any person, including a Customer, or entity regarding any Services provided hereunder, and shall provide reasonable assistance in researching, investigating and responding to such complaints.

i. Notwithstanding anything to the contrary set forth herein, Rock agrees to use the Training Materials, FAQs and Scripts solely in connection with providing the Services to or on behalf of Vroom and shall not share the Training Materials, FAQs or Scripts with any third parties during or after the Term without the express prior written consent of Vroom, provided that the foregoing shall not apply to Rock Information (defined herein). In providing the Services and developing the Training Materials, Scripts and FAQs, Rock may utilize certain materials, programs, processes, know-how, techniques, methodologies, tools, scripts, models and information, which have been developed by Rock and/or used by Rock in the general course of its business and without the use of Confidential Information provided by Vroom, or that have not been mutually developed by the parties pursuant to Section 5(e) or 5(f) ("Rock Information"). Rock shall retain all rights in and to the Rock Information.

j. Rock shall record 100% of the audio calls made in connection with the Services and ensure that all email and other written communications between Rock and a Customer are tracked and saved in Vroom's CRM database. Such call recordings shall be paused during the time of the call that the customer is sharing any personally identifiable information. Recordings shall be retained for ninety (90) days or until the expiration or any termination of this Agreement (the "Retention Period"). During the Term, Rock shall provide Vroom with the ability to access the recording system remotely vis Secure Internet access (https), as well as search for, listen to, and download contacts. For a period of thirty (30) days following the Retention Period, Rock shall make the call recordings available to Vroom for downloading and transfer. Thereafter, Rock shall have no obligation to retain such recordings or make them available to Vroom for access or transfer.

6. Facility; Tools; Telecommunications.

a. Rock shall utilize its facility located at 660 Woodward Ave, 5th Floor, Detroit, MI 48226, other commercially reasonable locations owned by Rock or its affiliates in Detroit, MI, or such other location as the parties may mutually agree in writing (the "Facility") for delivery of the Services. The Facility shall be equipped with telephone systems, computer systems and various Rock support and call monitoring tools, such as documentation and knowledge bases, and otherwise be properly equipped for the Agents to perform the Services.

b. Vroom agrees to provide Rock with sufficient copies of software, documentation, licenses and product information as reasonably necessary to provide the Services. Rock acknowledges that its use of such tools may be subject to the terms of license agreements required by Vroom or its third-Party suppliers, and Rock agrees to abide by all the terms and conditions of such licenses in connection with its use of such tools. Vroom shall be obligated to supply only one copy of any documentation or other such written materials relating to any such tools, and Rock shall make such number of copies as are necessary for it to provide the Services.

c. Rock shall bear all expenses of operating the Facility, including all expenses for equipment and systems necessary to connect to any telecommunications circuits or facilities utilized by Vroom to bring calls to the Facility, and all expenses related to the sending of inbound calls to Rock, and sending outbound calls from Rock, including provision of telecommunication lines and the bearing of network costs associated with routing calls to the Facility. Rock agrees to implement any technology changes or upgrades to its equipment or systems in a manner designed to minimize interruption to its performance of the Services.

7. Monitoring. Rock shall provide Vroom with monitoring capabilities for both voice and data concerning Calls. Vroom shall have the right, as often as it desires, to monitor, without Rock's knowledge, the calls being performed by Rock on behalf of Vroom. Without limiting the generality of the foregoing, Vroom shall have the ability to log into Rock's Five9 system (or any replacement system) to view the current status of the team working on Vroom's account, run reports specific to the Services, or listen to recorded or real-time calls. Rock shall further provide access to Vroom representatives to be on site at the Facility from time to time.

8. Representations and Warranties.

a. Each Party represents and warrants to the other that:

(i) it is duly organized and in good standing under the laws of the state in which it is organized and that it has adequate power to enter into and perform this Agreement;

(ii) it has obtained all necessary licenses and permits needed to perform under this Agreement;

(iii) this Agreement has been duly authorized, executed and delivered on behalf of such Party and constitutes the valid, legal and binding agreement of such Party, enforceable in accordance with its terms;

(iv) neither the execution nor performance of this Agreement does, or shall, violate or conflict with, or constitute a breach or default under, the articles of incorporation or certificate of formation, as the case may be, of such Party, or any statute, rule, regulation, order, ordinance, judgment, decree or award applicable to such Party or any material agreement or other instrument to which such Party or any material asset or property of such Party is or may be bound; and

(v) it shall perform its obligations in compliance with the terms of this Agreement and all applicable federal, state, and local laws, rules and regulations, including, without limitation, the Telephone Consumer Protection Act of 1991, 47 U.S.C. §227 ("TCPA"), and the Federal Communications Commission ("FCC")'s related implementing regulations as set forth in 47 C.F.R. §64.1200.

b. Rock represents and warrants that it shall use automatic telephone dialing systems (as defined in the TCPA) only for Leads that Vroom has marked as authorized for autodialing outbound phone calls and, when and if implemented by Vroom pursuant to written instruction, outbound texts (together, "Autodial Leads"). Vroom represents and warrants that all Autodial Leads have provided prior express written consent (as that term is defined in the TCPA) to be contacted by Vroom and shall indemnify, defend and hold harmless Rock, its officers, employees, agents, representatives, consultants, and contractors (together, the "Rock Indemnitees") from and against any and all liabilities, losses, damages, judgments, costs and expenses (including reasonable attorneys' fees) (collectively, "Damages") incurred by, or imposed on or asserted against the Rock Indemnitees as a result of any claim, action, suit or proceeding by a third party (collectively, "Claims" and individually, "Claim"), that are caused by or arise from Vroom's failure to obtain sufficient consent for the Autodial Leads; provided that, in the event Rock captures prior express written consent (as that term is defined in the TCPA) from Vroom Customers to be contacted by call and/or text using automatic telephone dialing systems while on the telephone with such Customer, Rock will be solely responsible for the sufficiency of such consent, and shall indemnify, defend, and hold harmless Vroom, its officers, employees, agents, representatives, consultants, and contractors (together, "Vroom Indemnitees") from and against any and all Damages incurred by, or imposed on or asserted against the Vroom Indemnitees as a result of any Claim that is caused by or arises from Rock's failure to obtain sufficient consent for such Leads. Rock agrees to comply with Vroom's "Do Not Call" Policy and Procedure concerning Customers who opt out of receiving autodialed calls or texts from Vroom and, in any event, will not call or text any Leads, including Autodial Leads, past sixty (60) days of receiving the Leads from Vroom, unless such Leads have been successfully contacted in the past sixty (60) days. Rock shall indemnify, defend, and hold harmless the Vroom Indemnitees from and against any and all Damages incurred by, or imposed on or asserted against the Vroom Indemnitees as a result of any Claim that is caused by or arises from Rock's failure to comply with the foregoing provisions.

9. Intellectual Property. Except as provided below in this Section 9, neither Party shall acquire any right to any trade name, trademark, service mark, copyright, patent or other form of intellectual property of the other Party. Each Party grants to the other Party a non-exclusive, royalty-free, non-sub-licensable right and license to use the grantor Party's tradenames, trademarks, service marks, and copyrights solely for the purpose of performing the grantee Party's obligations under this Agreement. Neither Party shall use intellectual property of the other Party in any manner except as expressly permitted by, or contemplated in, this Agreement.

10. Indemnification. Without limiting the provisions of Sections 8(b) and 15(g) hereof, each Party (in such capacity, an "Indemnifying Party") agrees to indemnify, defend and hold harmless the other Party and such other Party's officers, directors, shareholders, members, employees or agents (each of the foregoing, "Indemnified Party") from any and all Damages incurred by, or imposed on or asserted against the Indemnified Party as a result of any Claim that is caused by or arises from: (a) any breach of this Agreement by the Indemnifying Party; and/or (b) fraud, gross negligence or willful misconduct on the part of the Indemnifying Party; and/or (c) any violation by the Indemnifying Party of applicable law (excluding violations of the TCPA and related regulations, which is governed by Section 8(b), above). The Indemnified Party shall promptly provide the Indemnifying Party with written notice upon learning of any Claims that may reasonably result in the indemnification of the Indemnified Party; provided, however, that failure by the Indemnified Party to provide prompt notice to the Indemnifying Party shall not relieve the Indemnifying Party of its obligations under this Section 10, unless the Indemnifying Party's ability to defend the Claim has been materially disadvantaged or compromised as a result of such failure.

11. Warranty. Rock warrants to Vroom that the Services furnished under this Agreement shall be furnished in a professional and workmanlike manner in accordance with industry best practices, and in conformance with the terms of this Agreement.

12. Limitation of Liability. Except for a breach of Sections 14 or 15 hereof, and a Party's indemnification obligations under Section 10 hereof, neither Party shall be liable to the other for consequential, special, punitive, incidental or indirect damages of any nature arising at any time and from any cause whatsoever, whether arising in contract, in tort (including negligence or strict liability), under warranty or otherwise in connection with performance or failure to perform the Agreement. WITHOUT LIMITING THE WARRANTIES IN SECTIONS 8, 11 AND 15 HEREOF, IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREUNDER, ALL IMPLIED WARRANTIES OF ANY TYPE AND NATURE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE ARE HEREBY EXCLUDED.

13. Insurance. Each Party, at its own expense, shall maintain the following insurance coverage during the Term: (i) comprehensive general liability insurance in the minimum amount of $1,000,000 per occurrence and $2,000,000 in the aggregate, including broad form contractual liability, broad form vendor's coverage and advertiser's liability coverage; (ii) errors & omissions liability insurance of at least $25,000 per occurrence and a deductible of no more than $2,500; (iii) worker's compensation in statutory limits required for each state in which the Party maintaining such insurance shall operate; and (iv) cybersecurity insurance coverage of at least $10 million. Upon request, each Party shall furnish to the other Party certificates of insurance evidencing the coverage required hereunder.

14. Confidentiality.

a. For purposes of this Agreement, the term "Personal Information" is as defined under applicable data protection laws, including Section 1798.140 of the California Consumer Privacy Act ("CCPA"), and refers to any and all Personal Information, in any form (e.g., written, verbal, electronic), provided to, or collected or generated by, Rock or to which Rock or Rock personnel have been given access by or on behalf of Vroom, that uniquely identifies a current, former or prospective Vroom customer or consumer. This includes, but is not limited to, financial information, including credit history, income, financial benefits, application, policy or claim information, names or lists of individuals derived from nonpublic personally identifiable information or otherwise derived in connection with the performance of the Services or this Agreement, the identification of an individual as a customer, and information about a person's sex, date of birth, age, address, telephone number, Social Security number and any financial account information. Only Rock personnel who need to know Personal Information to perform their duties in furtherance of this Agreement and who agree to be bound by the terms hereof will be given access to Personal Information. Rock will maintain the security and confidentiality of Personal Information and will use it only for the purposes specified in this Agreement. If the Gramm-Leach-Bliley Act or any other applicable state or federal law or regulation, now or hereafter in effect, imposes a higher standard of confidentiality or security with respect to such Personal Information, such standard will prevail over the provisions of this Agreement.

b. Except as set forth herein, "Confidential Information" means all non-public, confidential or proprietary information disclosed before, on or after the Effective Date, by a Party (the "Disclosing Party") or its affiliates to the other Party (the "Recipient") or its affiliates, or to any of the Recipient's or its affiliates' employees, officers, directors, partners, shareholders, agents, attorneys, accountants or advisors (collectively, "Representatives"), whether disclosed orally or disclosed or accessed in written, electronic or other media, and whether or not marked, designated or otherwise identified as "confidential", including, without limitation: (i) all information concerning the Disclosing Party's and its affiliates' and their customers', suppliers', and other third parties' past, present and future business affairs, methods and operations, including, without limitation, finances, supplier information, products, services, organizational structure and internal practices, forecasts, sales and other financial results, records and budgets, and business, marketing, development, sales and other commercial strategies; (ii) the Disclosing Party's unpatented inventions, ideas, methods and discoveries, trade secrets, know-how, unpublished patent applications, and other confidential intellectual property; (iii) all designs, specifications, documentation, components, source code, object code, images, icons, audiovisual components and objects, schematics, drawings, protocols, processes, and other visual depictions, in whole or in part, of any of the foregoing; (iv) any third-party confidential information included with, or incorporated in, any information provided by the Disclosing Party to the Recipient or its Representatives; and (v) all notes, analyses, compilations, reports, forecasts, studies, samples, data, statistics, summaries, and other materials prepared by or for the Recipient or its Representatives that contain, in whole or in part, any of the Disclosing Party's Confidential Information. For the avoidance of doubt, each of (i) any Personal Information hereunder, (ii) all Training Materials, (iii) all FAQs, and (iv) all Scripts shall be deemed to be Vroom's Confidential Information hereunder, except for any Rock Information contained in the Training Materials, FAQs and/or Scripts, which shall be deemed to be Rock's Confidential Information.

c. The Parties agree to treat any such Confidential Information provided as confidential, using the same degree of care and discretion that the Parties use with respect to their own confidential information (at all times exercising at least a commercially reasonable degree of care in the protection of such Confidential Information), except to the extent that a higher standard is specified herein or is required by applicable federal or state law, rule or regulation. Each Party agrees to not use, share or disclose the other Party's Confidential Information except (1) to the extent necessary to perform its obligations or exercise rights under this Agreement, or (2) as authorized by the Disclosing Party in writing. Either Party may disclose Confidential Information on a need-to-know basis to its associates, contractors, and service providers who have executed binding written agreements requiring confidentiality and non-use obligations at least as restrictive as those in this Section 14. Except as provided in this Section 14, the Recipient shall not disclose or otherwise make available the Disclosing Party's Confidential Information on an individual or aggregated basis to any third Party without the Disclosing Party's prior written consent. Confidential Information may be disclosed if required by law or order of a court or other governmental authority or regulation, provided that the Recipient provides prior written notice to the Disclosing Party when legally permissible and the disclosure does not exceed that which is required. Upon termination of this Agreement, at Vroom's request, Rock shall destroy or return all of Vroom's Confidential Information to Vroom. The confidentiality obligations set forth in this Section 14 do not apply to Confidential Information that: (i) was already known by the Recipient prior to first receiving it from the Disclosing Party, as supported by documentary evidence; (ii) is legally obtained from other sources not in violation of an agreement of confidentiality; (iii) is or becomes part of the public domain through no fault of the Recipient; or (iv) is independently developed by the Recipient without reference to or use of any of the Disclosing Party's Confidential Information, as supported by documentary evidence. Notwithstanding the foregoing, the exceptions set forth in subsections (i) through (iv) shall not apply to Personal Information. Each Party acknowledges that compliance with this Section is necessary to protect the business, goodwill, and Confidential Information of the other, and that a breach of the same shall cause irreparable and continual damage for which money damages may not be adequate. If the Recipient breaches, or threatens to breach this Section 14, the Disclosing Party shall be entitled to, in addition to all other remedies available under applicable law: (a) temporary, preliminary, or permanent injunctive relief, or other equitable relief, in order to prevent such damage, without the requirement of posting any bond or surety; and (b) money damages insofar as they can be determined.

15. Security and Privacy Obligations.

a. Rock represents, warrants and covenants that it has, and agrees to maintain, an information security program containing appropriate measures to protect all the data that it receives and/or stores in connection with this Agreement and performing the Services, including, without limitation, Customer information, Personal Information and any data provided by Vroom hereunder, against accidental or unlawful destruction, alteration, unauthorized disclosure or access consistent with applicable laws and in conformity with data processing industry standards and all applicable laws, rules and regulations. In addition, Rock shall implement and maintain physical, logical, administrative, managerial and technical safeguards, controls and measures in accordance with industry standards, relative to the sensitivity of the data involved.

b. Without limiting the foregoing, the Parties acknowledge and agree that Rock is a service provider for the purposes of the CCPA. Rock certifies that it understands the rules, restrictions, requirements and definitions of the CCPA and agrees to refrain from taking any action that would cause any transfers of Personal Information to or from Rock to qualify as a sale of Personal Information under the CCPA. Rock acknowledges and confirms that it does not receive any Personal Information from Vroom as consideration for any services or other items provided to Vroom. Rock shall not sell any such Personal Information. Rock shall not retain, use or disclose any Personal Information provided by Vroom or otherwise received by Rock pursuant to the Services, except as necessary for the specific purpose of performing the Services for Vroom pursuant to this Agreement or otherwise as set forth in this Agreement or as permitted by the CCPA. Rock shall assist Vroom with any requests received from individuals under the CCPA or other similar data protection laws and shall, pursuant to Section 10 hereof, defend, indemnify and hold Vroom harmless from any claims relating to Rock's breach of the foregoing or applicable data protection laws. The terms "sale," and "sell" are as defined in Section 1798.140 of the CCPA.

c. Rock represents, warrants and covenants that it has implemented a mature information security management program that incorporates the key elements and protections of a mature industry IS framework such as ISO 27000, COBIT, BITS, NIST, etc. Without limiting the foregoing, Rock represents, warrants and covenants that it is responsible for meeting and maintaining compliance with the current levels of requirements for PCI Data Security Standards. Rock shall be responsible for its PCI compliance and shall use reasonable efforts to maintain levels of security standards in accordance with PCI Data Security Standards for the data that it manages, transmits, processes, and/or stores for Vroom. Rock hereby assumes all responsibility, risk and liability and shall defend, indemnify and hold Vroom harmless for any fines or penalties of any kind charged to Vroom by American Express, Discovery, MasterCard, Visa, or any other payment organization that is directly caused by any noncompliance on the part of Rock with such PCI Data Security Standards. Notwithstanding the foregoing, Rock shall not be responsible or liable for any failure to comply with PCI Data Security Standards that occurs on account of Vroom's processes or technology. All non-public data (including Credit Card Information) of Vroom's customers that is transmitted to Rock shall be treated with the highest appropriate levels of security.

d. Rock shall ensure that it does not retain Personal Information for longer than it needs such information to perform its obligations hereunder. Rock's disposal policy shall require that such Personal Information is reviewed and destroyed on a routine basis, which shall be no less than weekly. As part of its information security program, Rock shall take appropriate measures to properly dispose of Vroom's Personal Information, whether such information is in paper, electronic or other form and to prevent identity theft. These measures shall, at a minimum, include, but are not limited to ensuring the destruction or erasure of electronic media containing Personal Information so that the information cannot practicably be read or reconstructed.

e. Rock shall promptly log, research and resolve all Security Breaches (as defined herein) of which Rock becomes aware and which are attributable to Rock. In the event of any Security Breach that potentially impacts Vroom's information and of which Rock becomes aware, regardless of whether it is attributable to Rock, Rock shall contact Vroom within two (2) hours of discovering the Security Breach, and, if ongoing, shall update Vroom every hour thereafter, until the Security Breach is resolved. Rock shall commit resources as reasonably necessary without regard to normal business hours to research and resolve the Security Breach. "Security Breach" means activity that either compromises or may compromise, and any attempt to obtain unauthorized access to, disclosure of or use of the confidentiality or integrity of Personal Information that resides upon or is transmitted by means of a system operated by Rock or Rock's vendors or agents.

f. At its sole cost and expense, Rock shall periodically (at least annually) have a reputable third party recognized by the information security industry conduct penetration testing (also known as vulnerability threat assessments) on all aspects of the Services and Rock's information technology infrastructure in order to identify potential areas where security could be breached. Upon request, Rock shall make the results of any such testing available to Vroom, provided that the results of such testing shall be deemed to be Rock's Confidential Information.

g. Rock shall defend and indemnify Vroom for any and all damages, losses, fees or costs incurred as a result of any Security Breach to the extent attributable to Rock. To the extent that a Security Breach gives rise to a need, in Vroom's reasonable discretion, to provide (i) notification to public authorities, individuals, or other persons, or (ii) undertake other remedial measures (including, without limitation, notice, credit monitoring services and the establishment of a call center to respond to inquiries (each of the foregoing a "Remedial Action")), Rock shall, at Rock's cost, undertake commercially reasonable Remedial Actions to address and remedy any Security Breach and fully cooperate with Vroom and follow Vroom's instructions regarding actions to be undertaken to address such Security Breach. The timing, content and manner of effectuating any notices on behalf of Vroom or relating specifically to Vroom data shall be determined by Vroom in its sole discretion.

h. Upon request, annually during the Term, Rock shall provide to Vroom written validation that its and its permitted subcontractors' information and physical security policies and procedures comply with this Agreement and that they are each operating effectively. Vroom shall have the right, upon five (5) days' prior written notice, to audit Rock's operations to verify compliance with its data security obligations and this Section. Vroom shall conduct the audit within Rock's regular business hours and Rock agrees to provide reasonable cooperation to Vroom during such audit. If an audit reveals any non-compliance or a gap in the data security protections as compared to Rock's security policies (which shall be consistent with the requirements of this Agreement), then Rock shall take such steps to bring itself into compliance with such data security obligations.

16. Trouble Reporting, Escalation and Resolution Procedures.

a. For problems affecting access to one or more Vroom systems or technology (experienced by Rock or reported by a Customer), Rock shall use reasonable efforts to ascertain whether the problem is internal or external to Rock's environment, as well as the approximate number of Agents or Vroom Calls or e-mails affected by the problem. Rock shall document the details of the problem in a standard manner agreed upon by Vroom, forward via e-mail to Vroom's Helpdesk, and follow up with a telephone call to Vroom's Helpdesk and/or Operations team. Vroom shall provide all contact information for Vroom's Helpdesk. Vroom shall take commercially reasonable steps to resolve such access issues being experienced by Rock (whether such issues result from Vroom systems directly or from third-party systems employed by Vroom) and shall provide Rock with hourly status updates as Vroom endeavors to resolve such access issues. To the extent required, Rock shall promptly implement any technical updates, fixes, work-arounds or other resolution required or recommended by Vroom.

b. For any situation where it is unclear whether a given problem resides within Rock's infrastructure or Vroom's, Rock shall provide a technical single point of contact to work with Vroom's technical support staff to troubleshoot, isolate and resolve the issue.

c. Rock and Vroom shall each provide a list of individuals for desktop, network, and telephone-related technical issues, problem status updates and escalations during any 24-hour period of time.

d. Rock and Vroom shall provide one (1) full-time NOC manager during all hours of operation. IT support shall be available at each Party's respective site during all hours of operation.

17. Data and Reports; Weekly Meetings. During the Term, representatives of Rock and Vroom shall meet on a weekly basis, at times and locations to be agreed upon, to review reports and matters relevant to the transactions contemplated by this Agreement, including, without limitation, Rock's performance of the Services, sales by Vroom of Vehicles, trade-ins of Vehicles by Customers, sales by Vroom of Value-Added Products, the Staffing Plan, Cohort training and scripts. Rock shall transmit to Vroom weekly data and reports relating to the provision of the Services, in a form to be mutually agreed by the Parties, on the following:

[***]

[***].

18. SLA. Rock undertakes and agrees that all Services shall be performed in accordance with the performance standards set forth in the Service Level Agreement attached hereto as
Appendix B.

19. Independent Contractor. With respect to performance of either Party of its obligations under this Agreement, each Party acknowledges that it is and shall be an independent contractor. Neither Party shall make any representations tending to create an agency, employment, partnership, or franchise relationship between the Parties.

20. Authorized Representatives. Rock shall designate and maintain at all times hereunder a project manager to serve as a single point of contact for Vroom to assist in the resolution of all technical, operational and implementation-related matters. Rock shall endeavor not to change such project manager without Vroom's approval and, in any event, shall notify Vroom of any such changes. In addition, each Party shall, at all times, designate one representative who shall be authorized to take any and all action and/or grant any approvals required in the course of performing this Agreement. Such representatives shall be fully authorized to act for and bind each Party including the approval of amendments to this Agreement. Until written notice to the contrary, the authorized representatives of the Parties are as follows:

For Vroom:

Peter Scherr
Vroom, Inc.
1375 Broadway, 11th Floor
New York, NY 10018

For Rock:

Jeff Raab
Rock Connections, LLC
1900 St. Antoine St.
Detroit, MI 48226

21. Notices. All notices required hereunder shall be in writing and delivered in person, by email, by overnight delivery service or, by registered or certified mail, with postage prepaid and return receipt requested, to the addresses set forth below (or to such other addresses as either Party may subsequently designate in writing). All notices required under this Agreement shall be deemed received on the date of delivery (if in person), the date sent (if by email), or the date received (if sent by overnight delivery or mail).

If to Vroom:

1375 Broadway
11th Floor
New York, NY 10018
Attn: Chief Marketing Officer

With a Copy to:

1375 Broadway
11th Floor
New York, NY 10018
Attn: Chief Legal Officer
Email: legal@vroom.com

If to Rock:

660 Woodward Ave
5th Floor
Detroit, MI 48226
Attn: Chief Executive Officer

With a Copy to:

660 Woodward Ave
5th Floor
Detroit, MI 48226
Attn: General Counsel

22. Assignment. Neither Party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party, except Vroom may assign or delegate its rights or duties in the event of a merger or sale or transfer of substantially all of Vroom's assets, and in the event Rock forms an alternate business entity sharing common ownership to perform the Services, Rock may assign or delegate its rights or duties to such entity. This Agreement is and shall be binding upon and enforceable against each Party's respective successors and permitted assigns.

23. Force Majeure. Neither Party shall be liable for any failure to comply with the terms of this Agreement to the extent such failure is caused by events or circumstances which are beyond a Party's reasonable control, which could not have been anticipated or avoided by such Party, which are not caused by the fault or negligence of such Party, and which have an adverse effect on such Party's ability to perform its obligations hereunder; such events or circumstances to include, but not be limited to acts of God, strikes, epidemic, pandemics, terrorist acts, and acts of governmental authorities.

24. Governing Law. This Agreement is governed by the laws of the State of New York, excluding conflicts rules, and the parties agree to submit to the jurisdiction of the state and federal courts in New York County, New York for the resolution of all disputes under or relating to this Agreement or its performance.

25. Publicity. Neither Party shall make any public statement or disclose the existence or terms of this Agreement without the express written consent of the other Party (email is sufficient).

26. Non-Solicitation. During the Term and for one (1) year following the expiration or termination of this Agreement, neither Party may solicit for hire any agent, employee or officer of the other Party who worked on transactions contemplated hereby without the other Party's express written consent; provided, however, that this provision shall not prohibit either Party from soliciting or hiring any person who responds to a general advertisement or solicitation that is not specifically directed at the other Party's employees.

27. Taxes. Rock shall be solely responsible for the preparation and submission to applicable authorities of its Agents or other employees' income tax and FICA forms and the payment of all such persons' salaries, employer contributions and employee benefits. Vroom shall be solely responsible for all applicable federal, state and local taxes and charges arising out of or related to sales of the Products and any such taxes shall be assumed and paid for by Vroom. Rock and Vroom shall be solely responsible for the preparation and submission to applicable authorities of their respective federal, state and local income taxes attributable to income derived by each such Party in connection with the subject matter of this Agreement.

28. Entire Agreement; Modifications. This Agreement, including all Appendices hereto, represents the entire agreement between Vroom and Rock with respect to the subject matter hereof, and supersedes all prior negotiations, representations, contracts, agreements and amendments, whether written or oral, relating to such subject matter. This Agreement, including all Appendices hereto, may not be modified or amended in any manner absent a writing signed by both parties.

29. No Third-Party Beneficiaries. This Agreement is made solely for the benefit of the Parties and their successors and permitted assigns, and no third party shall have any right, benefit or interest under or because of this Agreement, except as otherwise specifically provided for herein.

30. Severability; Waiver. If any provision of this Agreement, or any Appendix hereto, is determined to be illegal or unenforceable for any reason, it shall be severed from this Agreement and the remainder of the terms and conditions shall be given full force and effect. A failure of either Party to exercise any right provided for herein, shall not be deemed to be a waiver of any right hereunder.

31. Headings. The headings contained in this Agreement or any other Exhibit or are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement, nor in any way affect the terms and provisions hereof.

32. Surviving Sections. The following Sections of the Agreement shall survive the termination or expiration of the Agreement: Sections 5(h)-(i), 8(b), 9, 10, 12, 14, 15(b)-(c), 15(g), 21, 24-

32. Further, Sections 15(a), (d), (e), (f) and (h) shall survive for so long as Personal Information is retained by Rock.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

Left Gate Property Holding LLC
d/b/a/ Texas Direct Auto or Vroom

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: CEO

Rock Connections LLC

By: /s/ Victor You
Name: Victor You
Title: CEO

APPENDIX A

FEE SCHEDULE

[***]

APPENDIX B

Service Level Agreement

1. CALLING PARAMETERS

A. Hours of Operation (outbound & inbound): Except as otherwise agreed in writing by Vroom and Rock, Monday—Friday 9:00 AM—10:00 PM Eastern Time, Saturday 9:00 AM—8:00 PM Eastern Time, and Sunday 11:00 AM—8:00 PM Eastern Time. Rock shall not be open and no calls shall be made or received on: (i) New Year's Day, (ii) Thanksgiving Day, and (iii) Christmas Day. Throughout the year additional holiday and/or "no calling" dates may be designated by Vroom. Additionally, if a customer indicates that he/she is observing a holiday, the call should be politely terminated. Calling hours may also be adjusted to comply with federal, local and state laws. Upon 30 days written notice from Vroom to Rock, the hours of operation may be altered.

B. Outbound Calls: Rock shall only contact those consumers (as provided by Vroom) who (i) initiated contact with Vroom regarding one or more of its Vehicles, or (ii) completed an application, made an inquiry, or submitted their contact information on Vroom's website, or any other Site listing Vroom's Vehicles, or otherwise provided prior express consent to being contacted regarding one or more of Vroom's Vehicles or a Transaction. Rock shall not initiate communications with consumers outside of this scope and, in particular, Rock shall not place or send unsolicited telemarketing calls to consumers. If a consumer opts-out after being contacted by an Agent, Rock shall not contact such consumer again, and shall provide Vroom with an updated do-not-call list with each monthly invoice.

C. Caller ID (outbound): Rock shall comply with applicable state and federal Caller ID requirements, to the extent applicable.

D. "May I Continue" (outbound): Rock shall comply with state laws regarding asking permission to continue a sales presentation, to the extent applicable.

E. No Rebuttal States (Outbound & Inbound): Rock shall comply with state laws regarding terminating a call upon receiving a "no" from a consumer, to the extent applicable.

F. Recording/Monitoring Notification (Outbound & Inbound): Rock shall comply with applicable federal and state laws regarding notice and consent prior to recording a call.

2. QUALITY ASSURANCE

Rock agrees to develop, in conjunction with Vroom, Quality Assurance ("QA") guidelines that apply to the Services.

3. TECHNOLOGY NEEDS

The following technology needed for the Services shall be provided and paid for by Vroom and maintained at a level such that Rock may perform the Services without unreasonable interruption or interference. Vroom reserves the right to change the service providers listed below from time to time.

[***]

4. UPDATES

Rock may, in its sole discretion, upgrade, update or change the technology and systems in the Facility (each, an "Update"). Rock shall provide Vroom with at least ten (10) business days' notice of any Updates, and any Updates made by Rock shall be implemented at a time and in a manner designed to minimize any disruption to the Services.

5. MAINTENANCE WINDOWS

Rock, from time to time, may conduct systems maintenance to ensure the proper operation of the technology and systems at the Facility. Rock will use commercially reasonable efforts to schedule any non-emergency preventive maintenance at least ten (10) business days in advance and to provide at least ten (10) business days' notice of such scheduled maintenance work to Vroom. Rock shall not have any system maintenance conducted during the hours of operation noted above.

6. SERVICE LEVELS

SLA Violation

SLA Violation means a failure to satisfy any of the following performance standards measured on a monthly average basis:

[***]

Rock will promptly notify Vroom of any SLA Violation and the Parties agree to meet and work together in good faith to resolve the SLA Violation(s) within one (1) month.

Exhibit 10.12

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

RETAIL RECONDITIONING SERVICES AGREEMENT

BY AND BETWEEN

**MANHEIM REMARKETING,
INC D/B/A MANHEIM RETAIL SOLUTIONS**

AND

**LEFT GATE PROPERTY HOLDING, LLC
D/B/A VROOM**

DATED AS OF MAY 20, 2020

RETAIL RECONDITIONING SERVICES AGREEMENT
DATED AS OF MAY 20, 2020

TABLE OF CONTENTS

RETAIL RECONDITIONING SERVICES AGREEMENT

THIS RETAIL RECONDITIONING SERVICES AGREEMENT (this "*Agreement*") is dated as of the 20th day of May 2020, by and between Manheim Remarketing, Inc. d/b/a Manheim Retail Solutions, with its principal place of business located at 6205 Peachtree Dunwoody Road, Atlanta, Georgia 30328 ("*MRS*"), and Left Gate Property Holding, LLC d/b/a Vroom, with its principal place of business located at 12053 Southwest Freeway, Stafford, TX 77477 ("*Dealer*"). MRS and Dealer together may be referred to as the "Parties" and each a "Party."

1. BACKGROUND.

MRS and Dealer shall establish a program (the "*Program*"), whereby MRS will provide certain inspection, reconditioning, imaging, staging and delivery facilitation services for Dealer's designated used vehicle inventory (collectively, "*Program Services*"). As used herein, "reconditioning services" refers to MRS' retail reconditioning services and does not include wholesale reconditioning services. MRS will arrange for each vehicle designated by Dealer to be inspected, reconditioned and imaged as provided for herein (each, a "*Vehicle*"), and then, if requested by Dealer, transported and delivered pursuant to the written instructions provided by Dealer.

2. RECONDITIONING AND IMAGING.

2.1 MRS will arrange for each Vehicle to be reconditioned and imaged by MRS at the specialized vehicle reconditioning centers set forth on **Exhibit A**, as Exhibit A may be amended by the Parties, in writing, from time to time (the "*MRS Reconditioning Centers*" and, each individually, an "*MRS Reconditioning Center*"). Each Vehicle will be reconditioned and imaged by MRS in accordance with the following process:

(a) MRS will complete an inspection of each Vehicle upon its arrival at the MRS Reconditioning Center utilizing a vehicle inspection report provided by Dealer as part of its "Reconditioning Playbook", a copy of which is attached hereto as **Exhibit B**, as Exhibit B may be amended by mutual agreement of MRS and Dealer from time to time (the "*Recon Playbook*").

(b) MRS will recondition the Vehicle using MRS's own tools and supplies in accordance with the reconditioning guidelines and standards provided in the Recon Playbook, or as otherwise agreed by the Parties in writing.

(c) MRS will conduct all reconditioning services in accordance with the Recon Playbook. Prior to MRS performing any reconditioning services on a Vehicle, MRS will provide Dealer with an estimate of the cost of such reconditioning services and obtain Dealer's written approval to perform such reconditioning services.

(d) MRS will photograph each Vehicle in accordance with the imaging package specified in the Recon Playbook and will utilize the same software, mobile applications and digital imaging tools (the "*Imagining Technology*") utilized by Dealer, including use of the [***] software and imaging tools on mobile devices utilized by MRS's personnel (collectively, "*Vroom Imaging Technology*"), until such time as MRS adopts and implements its own Imaging Technology solution (the "*MRS Imagining Technology*") that meets the Dealer Standards, as defined below. The Vroom Imaging Technology shall be provided by Dealer to MRS [***], unless otherwise agreed by the Parties in writing. MRS will electronically distribute these images to Dealer in a manner mutually agreed upon between MRS and Dealer. MRS acknowledges and agrees that (i) all Vehicle images and photographs taken with either Vroom

Imaging Technology or MRS Imaging Technology ("[***]") shall be the property of Dealer, shall be stored on Dealer's servers and used only for the sole benefit of Dealer or MRS' performance hereunder; (ii) it shall use such Vroom Imaging Technology only for Dealer's benefit and not for itself or other MRS customers; and (iii) it shall provide internet connectivity at the MRS Reconditioning Centers suitable for the use of the Vroom Imaging Technology, in each case, unless otherwise agreed by the Parties in writing, *provided*, *however*, that it in no event shall MRS be required to make infrastructure improvements or changes to provide internet connectivity unless agreed to, in writing, by the Parties. Prior to using any MRS Imaging Technology for the Program Services, (i) MRS and Dealer shall mutually test and evaluate such technology to ensure that it satisfies Dealer's standards and produces consistent images, including Dealer's APIs and the image format (e.g., [***]) required by Dealer (the "*Dealer Standards*") and (ii) MRS shall obtain Dealer's written consent to the use of the MRS Imaging Technology, which consent may not be unreasonably withheld.

(e) MRS and its applicable Affiliates (as defined in Section 13.1) may also utilize certain inventory management systems and other digital tools in order to further assist Dealer in the management of the Program and provisions of the Program Services hereunder. Unless specifically provided for herein, any such utilization shall be mutually agreed upon by the Parties.

(f) The Parties have agreed to the Service Level Agreement governing MRS's performance of the Program Services hereunder in the form attached as **Exhibit C**, as Exhibit C may be amended by mutual agreement of MRS and Dealer from time to time ("*SLA*").

(g) MRS hereby assigns and transfers, and agrees to assign and transfer, *nunc pro tunc* where applicable, to Dealer, effective as of the date of creation of each [***], all rights, title, and interest MRS may have in the [***] and the associated copyrights, including all [***] created on Dealer's behalf prior to the date of this Agreement (collectively, the "*Copyrights*"), and any applications and registrations thereof, together with all claims for damages by reason of past infringement of the Copyrights with the right to sue for and collect the same for Dealer's own use and benefit, as applicable, and for the use and on behalf of Dealer's successors, assigns or other legal representatives. MRS agrees to execute and deliver at the request of the Dealer, all papers, instruments, and assignments, and to perform any other reasonable acts Dealer may require in order to vest all rights, title and interest in the Copyrights in Dealer and/or to provide evidence to support any of the foregoing in the event such evidence is deemed necessary by the Dealer. To the extent MRS has contracted with others to create and author [***] on behalf of Dealer, MRS represents and warrants that such third-party works shall be subject to the same terms of this Section 2(g) and that such works shall be considered [***] hereunder. Upon request by Dealer, MRS agrees to deliver to Dealer copies of the [***], including the highest resolution and quality versions of all photographs possessed by MRS.

3. STORAGE. As to each Vehicle, once (i) such Vehicle is fully reconditioned in accordance with the terms hereof, (ii) photographs of such Vehicle are uploaded such that it is available for sale on the vroom.com website and (iii) such Vehicle is released for delivery to or pickup by Dealer ("*Vehicle Recon Completion*"), Dealer shall determine the location of storage for such Vehicle and, if stored at a MRS Reconditioning Center, Dealer will pay the storage fees set forth on **Exhibit D**. (the "*Storage Fees*").

4. TRANSPORT AND DELIVERY. Dealer will determine the manner in which each Vehicle is transported to and/or from an MRS Reconditioning Center and has sole discretion in deciding which vendor to use for the transportation, if any. As such, Dealer acknowledges and agrees that, unless MRS or an Affiliate thereof is directly providing the transportation, MRS shall have no liability or obligation of

any kind with respect to any Vehicle during the delivery or transportation process and transporter shall be exclusively responsible for any such damage. For the avoidance of doubt MRS shall have no liability or obligation with respect to any Vehicle at any time that such Vehicle is not located at or on an MRS Reconditioning Center or being transported by MRS, or an Affiliate thereof, in accordance with this Section 4.

5. QBR Meetings and Communication.

5.1 MRS and Dealer shall conduct quarterly business review meetings ("*QBR Meetings*") at such time, at such location and with such participants as the Parties shall mutually agree. At such meetings, the Parties shall review and evaluate [***] and such other matters related to the Program Services or the other matters contemplated by this Agreement as the Parties shall determine. Minutes shall be kept at every QBR meeting to be reviewed and approved by both Parties. Any changes to any of the Exhibits hereto upon which the Parties agree as a result of the QBR Meetings shall be documented in writing and executed by each of the Parties in accordance with Section 17(e) hereof.

5.2 In order to foster ongoing communication between the Parties and to facilitate Dealer's ability to manage its reconditioning operations, MRS agrees that, [***].

6. MRS GUARANTEE OF SERVICES. MRS represents and warrants that it will perform the Program Services in accordance with the Recon Playbook and in all events in a workmanlike manner, at or above industry standards. [***]. For all reconditioning services provided hereunder, MRS agrees that it will reimburse Dealer for documented repairs and expenses in accordance with terms and in the amounts set forth on **Exhibit E**, as such Exhibit E may be amended from time to time by mutual agreement of MRS and Dealer.

7. LIABILITY FOR THEFT, LOSS, OR DAMAGE. MRS shall be responsible to Dealer for any theft or loss of any Vehicle and for any damage to a Vehicle that takes place while such Vehicle is in MRS's possession, in each case, except to the extent such theft, loss or damage occurs, in whole or in part, as a direct or indirect result of (i) any act or omission on the part of Dealer or any of its employees or representatives; (ii) any act of God (including any weather-related event) or any other Force Majeure Event; or (iii) any design defect or mechanical failure affecting a Vehicle (unless such defect or failure was caused by MRS or the Program Services). [***].

8. INSURANCE REQUIREMENTS.

8.1 Coverage by MRS. MRS, at its sole cost, shall procure and maintain in full force and effect at all times during the Term the following insurance coverage (the "*Required MRS Insurance Policies*"):

(a) Comprehensive General Liability Coverage. A comprehensive general liability policy including contractual liability, broad form property damage and personal injury coverage, covering claims of injury (including death) or property damage that may occur at any of the MRS Reconditioning Centers, with a policy limit of at least $[***] per loss. MRS's policy shall name Dealer as additional insured for claims arising from MRS's services under this Agreement.

(b) Business Auto Liability Coverage. Business Auto liability insurance policy for bodily injury and property damage in amounts of not less than a limit of $[***] per accident, and $[***] in the aggregate, covering accidents arising out of MRS's use of Dealer's owned, leased and non-owned vehicles.

(c) Garage Keepers Legal Liability. Garage Keepers Legal Liability insurance coverage, covering damages to Dealer vehicles for which MRS is responsible under the terms of this Agreement, with a total policy limit at least sufficient to cover the Vroom Fair Market Value for each Vehicle in MRS's possession at any given time.

(d) Workers' Compensation and Employer Liability Coverage. Workers' Compensation insurance (not any alternative form of coverage) for at least the applicable statutory limit; and employer's liability (or equivalent coverage under commercial umbrella) with at least a $[***] limit for each accident, for bodily injury by accident, and at least a $[***] limit for each employee for bodily injury by disease. Each such policy must waive subrogation in favor of MRS.

8.2 Additional Insureds; Evidence of Required MRS Insurance Policies. The general and auto liability insurance policies obtained by MRS shall name Dealer and its applicable Affiliates as additional insureds on a primary and non-contributing basis for claims caused by MRS's services under this Agreement. On or prior to the date hereof, MRS shall provide Dealer with a certificate or certificates of insurance evidencing that the above-mandated insurance requirements have been satisfied and specifying that the applicable insurance carriers will mail direct written notice to Dealer at least fifteen (15) days prior to any cancellation or non-renewal of any of the above-mandated policies. MRS shall obtain the insurance coverages required under this Section from insurance carriers having been assigned an A.M. Best Financial Size Category (FSC) of "VIII" or higher and having a minimum A.M. Best Financial Strength (FSR) rating of "A-." Payment of all deductibles, self-insured retentions, or other costs associated with MRS's existing insurance policies or any of the required insurance policies shall at all times be the sole responsibility of, and paid by, MRS.

9. TERM AND TERMINATION.

9.1. Term. This Agreement shall commence on the date hereof and, unless earlier terminated pursuant to Section 9.2, shall continue for a period of three (3) years thereafter (the "*Initial Term*"). At the conclusion of the Initial Term, unless earlier terminated pursuant to Section 9.2, this Agreement shall renew for additional one (1) year terms (each, a "*Renewal Term*" and together with the Initial Term, the "*Term*") unless either Party provides written notice of non-renewal to the other Party at least one hundred eighty (180) days prior to the end of the Initial Term or then-current Renewal Term, as the case may be.

9.2. Termination.

(a) This Agreement may be terminated by either Party for convenience from and after the one (1) year anniversary of the date of this Agreement, upon twelve (12) months prior written notice to the other Party (the "*Notice Period*").

(b) This Agreement may be partially terminated (i) by either Party, [***] at any time, with or without cause and without terminating the entire agreement, upon [***] prior written notice to the other Party, *provided, however*, that [***] (x) [***] or (y) [***] or (ii) by Dealer pursuant to [***]. As used in this Section 9.2, [***].

(c) This Agreement may be terminated immediately by either Party in the event of any material breach of this Agreement by the other Party that (if curable) is not cured within thirty (30) days of receipt of written notice of such breach by the breaching Party.

9.3 Effect of Termination. Upon any termination or expiration of this Agreement, including a Partial Termination, all fees, charges and other amounts owed to MRS or any of its Affiliates for any Program Services performed or provided by MRS or any of its Affiliates up to including the effective dates of such termination or expiration (the "*Outstanding Amounts Owed*") shall be due and payable, except in the case of a material breach by MRS where Dealer shall only be obligated to pay the Outstanding Amounts Owed up to the date of such material breach, *provided, however*, that in the event of a Partial Termination, the Outstanding Amounts Owed shall only be for that portion of the Agreement that was terminated. The provisions of Sections 6, 7, 9.3, 10.2, 11, 12, 13, 14, 15, 16 and 17 shall survive any termination or expiration of this Agreement in accordance with their respective terms.

10. FEES AND PAYMENTS.

10.1. Servicing Fees. Dealer shall pay to MRS for each Vehicle any applicable fees for the Program Services, including Storage Fees (together, "*Servicing Fees*") as set forth on the fee schedule attached hereto as **Exhibit F** (the "*Fee Schedule*"), as such Fee Schedule may be amended, from time to time, by written agreement of the Parties. The Parties acknowledge and agree that the Fee Schedule shall apply to all MRS Reconditioning Centers unless the Parties have agreed, in writing, to different Servicing Fees for a particular MRS Reconditioning Center (each an "*MRS Reconditioning Specific Service Fee Table*") and such MRS Reconditioning Specific Service Fee Table, when signed by both Parties, shall automatically become a part of Exhibit F.

10.2. Payments. MRS shall invoice Dealer monthly for all Servicing Fees owed by Dealer hereunder. Dealer shall pay to MRS all such Servicing Fees via check or wire transfer within thirty (30) days of receiving MRS's invoice. Notwithstanding anything to the contrary in this Agreement, any amounts due and payable to MRS or its Affiliates under this Agreement that remain unpaid as a result of any dishonored checks or failure to wire funds shall be immediately due and payable to MRS or its applicable Affiliate, and Dealer shall in all cases remain fully liable and responsible for such amounts.

10.3. Taxes. Dealer shall be responsible for any taxes, assessments and other similar amounts that may be owed for or in connection with the receipt of any services hereunder. All fees and other amounts owed to MRS under this Agreement shall be paid in full, without any deduction or withholding by Dealer for any taxes.

11. ADDITIONAL REPRESENTATIONS AND WARRANTIES.

11.1. MRS. MRS represents and warrants to Dealer that (a) it is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has and shall maintain the power and authority to enter into this Agreement and to undertake its obligations hereunder, in each case without the consent of any other person or entity; (b) it is not a party to any contract or other agreement that would prohibit or restrict it from performing its obligations under this Agreement; (c) it and its employees and agents performing services hereunder will comply with all laws, rules, regulations, ordinances and decrees imposed by any governmental or regulatory authority applicable to the Program Services ("*Laws*") in connection with its participation in the Program and with the performance of its obligations under this Agreement; (d) if MRS's services under this Agreement require a license, MRS has obtained that license and the license will remain in full force and effect during the term of this Agreement; (e) it has implemented adequate administrative, procedural, technical and physical safeguards designed to (i) provide for the security and confidentiality of non-public information of Dealer or its Affiliates provided, collected, and/or received by it in connection with the Program Services, (ii) protect against any anticipated threats or hazards to the security or integrity of such information and (iii) protect against unauthorized access to or use of such information which could result in substantial harm to Dealer; and (f) it will promptly notify Dealer of any data security breach or incident that could affect the security, integrity or confidentiality of any non-public information of Dealer or its Affiliates.

11.2. Dealer. Dealer represents and warrants to MRS that (a) it is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Texas, and has and shall maintain the power and authority to enter into this Agreement and to undertake its obligations hereunder and thereunder, in each case without the consent of any other person or entity; (b) it is not a party to any contract or other agreement that would prohibit or restrict it from performing its obligations under this Agreement; (c) it and its employees and agents managing the receipt of services hereunder will comply with all Laws in connection with its participation in the Program and its receipt of any services hereunder; and (d) Dealer does not, and will not, engage in any retail activity which will take place at any Manheim auction location or any MRS Reconditioning Centers or any instrumentality of the foregoing.

12. DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH IN SECTIONS 2, 6 AND 11.1, NEITHER MRS NOR ANY OF ITS AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY TO DEALER WITH RESPECT TO THE PROGRAM, ANY VEHICLE OR ANY SERVICES, EXPRESS OR IMPLIED, INCLUDING ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR ANY SERVICES THAT MAY BE PROVIDED HEREUNDER OR ANY OTHER REPRESENTATION OR WARRANTY OF ANY TYPE OR NATURE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED.

13. CONFIDENTIALITY.

13.1. Confidential Information. For purposes of this Agreement, "*Confidential Information*" means all non-public or proprietary information given, disclosed, or made available by a Party or its Affiliates (the "*Disclosing Party*") to the other Party or its Affiliates (the "*Receiving Party*") in connection with the Program or in the course of performing any services or other obligations under this Agreement. Confidential Information shall include, without limitation, all financial, business, legal, and technical information of the Disclosing Party or any of its Affiliates, vendors (including any licensor or seller of Vroom Imaging Technology), suppliers, customers, and employees (including information about research, development, operations, marketing, transactions, regulatory affairs, discoveries, inventions, methods, processes, pricing, materials, algorithms, software, specifications, designs, drawings, data, strategies, plans, prospects, know-how, and ideas, whether tangible or intangible, and including all copies, abstracts, summaries, analyses, and other derivatives thereof). Confidential Information also includes the terms and conditions of this Agreement, including any fees, discounts or other pricing information that may be provided or offered to Dealer from time to time. Confidential Information does not include any information that: (a) is or becomes publicly available through no fault or breach of this Agreement by the Receiving Party; (b) is received from a third Party not under an obligation of confidentiality with respect to such information as demonstrated by documentary evidence; or (c) is independently developed by the Receiving Party, as established by documents or other competent evidence in the Receiving Party's possession, without reference to any Confidential Information of the Disclosing Party. Confidential Information may be written, oral or recorded or on tape, disks or other electronic media. For purposes of this Agreement, "Affiliate" means, with respect to either Party, any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first named Party.

13.2. Restrictions on Disclosure. The Receiving Party shall (a) hold all Confidential Information in confidence using at least the same degree of care as it employs to protect its own confidential information of a similar nature (but in no event less than a commercially reasonable standard of care); (b) not use the Confidential Information for any purpose other than performing its obligations under this Agreement; and (c) not disclose the Confidential Information other than to its Affiliates and its and their respective employees and contractors that have a reasonable need to know or have access to such Confidential Information and that have been made aware of the confidential nature of the Confidential Information. The Receiving Party shall be responsible for any breach of this Section 13.2 by any of its Affiliates and any of its or their respective employees or contractors. Notwithstanding the foregoing, a Party may disclose Confidential Information to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by Law, provided that the Receiving Party (i) notifies the Disclosing Party in advance of such disclosure so as to permit the Disclosing Party sufficient time in which to request confidential treatment or a protective order prior to any such disclosure, and (ii) provides such reasonable cooperation as the Disclosing Party may request in obtaining such confidential treatment or protective order. The confidentiality and other obligations set forth in this Section 13.2 shall continue for the duration of the Term and for a period of three (3) years thereafter, except that with respect to trade secrets (as defined by Law), the confidentiality and other obligations set forth in this Section 13.2 shall continue for so long as they remain trade secrets. All Confidential Information made available hereunder, including copies thereof, shall be returned or destroyed upon termination of this Agreement or request by the Disclosing Party. Notwithstanding the foregoing, the Receiving Party may retain copies of the Disclosing Party's Confidential Information solely to the extent

(a) required by applicable Law, or (b) created by technical, automatic archiving, or backup processes maintained in the ordinary course of business, provided that, in each case, the Receiving Party's obligations under this Agreement with respect to such Confidential Information shall survive for as long as such Confidential Information is retained by the Receiving Party and that with respect to copies created

by automatic archiving or backup processes such copies are not used for any purpose and are destroyed in the course of normal archive or backup operations.

13.3. Remedies for Breach. In the event of any breach or violation of Section 13.2, each Party acknowledges and agrees that the affected Party may suffer substantial damages that are not readily ascertainable or fully compensable by monetary damages. Accordingly, the Disclosing Party will be entitled (without limiting any other rights or remedies otherwise available to the Disclosing Party) to seek an injunction or such other equitable relief as may be available from any court of competent jurisdiction in order to prevent any continued or recurring breach or violation of Section 13.2, without posting any bond.

13.4. Use of Vroom Imaging Technology. MRS undertakes and agrees that it will not, and will not enable others to, use the Vroom Imaging Technology for any purpose not expressly permitted by this Agreement, and without limiting the foregoing, MRS will not:

(a) copy, modify, translate, adapt or otherwise create derivative works or improvements, whether or not patentable, of the Vroom Imaging Technology or any part thereof;

(b) reverse engineer, disassemble, decompile, decode or otherwise attempt to derive or gain access to, reconstruct, identify or discover the source code, underlying ideas, techniques, or algorithms of the Vroom Imaging Technology, or any part thereof;

(c) remove, delete, alter or obscure any trademarks or any copyright, trademark, patent or other intellectual property or proprietary rights notices from the Vroom Imaging Technology, including any copy thereof;

(d) remove, disable, circumvent or otherwise create or implement any workaround to any copy protection, rights management or security features in or protecting the Vroom Imaging Technology or any part thereof, or any proprietary website or tools associated with the Vroom Imaging Technology; or

(e) use the Vroom Imaging Technology in, or in association with, the design, construction, maintenance or operation of any hazardous environments or systems (which, for the avoidance of doubt, does not include the Program Services). For the avoidance of doubt this Section 13.4 shall only apply to the Vroom Imaging Technology and not any MRS Imaging Technology.

14. INDEMNIFICATION.

14.1 Dealer shall indemnify, defend and hold harmless MRS and its Affiliates, and each of their respective directors, officers, shareholders, employees, successors and assigns (collectively, the "*MRS Indemnified Parties*"), from and against any and all third party claims and causes of action and any resulting judgments, damages, costs, expenses (including reasonable attorneys' fees) and other liabilities (collectively, "*Damages*") incurred by any MRS Indemnified Party, in the event such third-party claim or cause of action arises from (a) any breach by Dealer of this Agreement, including any representation, warranty or covenant of Dealer as set forth herein; (b) the subsequent sale or other disposition of any Vehicle (including the purchase or resale of any Vehicle to or by any retail customer, or any complaint or issue relating to any such purchase or resale transaction); or (c) the use or condition of any Vehicle at any time after such Vehicle is delivered to Dealer as provided for herein; provided, however, that none of the MRS Indemnified Parties shall be entitled to the foregoing rights to indemnification to the extent that any of the Damages relates to or arose from any breach by MRS or its Affiliates (or any party performing MRS's obligations hereunder) of any representation, warranty, covenant, agreement or obligation of MRS as set forth in this Agreement, including, without limitation, Sections 2, 6, and/or 11.

14.2 MRS shall indemnify, defend and hold harmless Dealer and its Affiliates, and each of their respective directors, officers, shareholders, employees, successors and assigns (collectively, the "*Dealer Indemnified Parties*"), from and against any and all third party claims and causes of action and any resulting Damages incurred by any Dealer Indemnified Party, in the event that such third-party claim or cause of action relates to or arises from: (a) any breach by MRS or its Affiliates (or any party performing MRS's obligations hereunder) of this Agreement, including any representation, warranty, covenant, agreement or obligation of MRS as set forth in this Agreement, including, without limitation, Sections 2, 6, and/or 11; and/or (b) any defect with a Vehicle arising from the Program Services that MRS performed on such Vehicle under this Agreement.

15. NATURE OF RELATIONSHIP. MRS will at all times be acting as an independent contractor under this Agreement, and not as an agent, employee or partner of Dealer. Other than as provided herein, Dealer shall neither have nor exercise any control or direction over the methods by which MRS shall perform the services under this Agreement. This Agreement is not intended to create, and does not create, any partnership, joint venture, agency, fiduciary or other relationship between the Parties, beyond the relationship of independent parties to a commercial contract.

16. NOTICES. All notices required or permitted to be given hereunder shall be in writing and deemed given if sent to the address of the applicable Party as first set forth above either (a) by registered or certified U.S. mail, return receipt requested, postage prepaid, three (3) days after such mailing, or (b) by national overnight courier service, the next business day. A copy of any notices provided to MRS hereunder shall also be sent simultaneously to: c/o Cox Automotive, Inc., 6205 Peachtree Dunwoody Road, Atlanta, Georgia 30328, Attn: Legal Department. A copy of any notices provided to Dealer hereunder shall also be sent simultaneously to: Vroom, Inc., 1375 Broadway, 11th Floor, New York, New York 10018, Attn: Legal Department.

17. MISCELLANEOUS.

(a) Press Releases. Neither Party may use the other Party's or its Affiliates' names, or any trademark, service mark, trade name, logo or other commercial or product designations of such Party for any purpose without the prior written consent of the other Party, except as required by Law. Unless required by law, neither Party shall publicize or issue any press release relating to the existence or terms of this Agreement or the services performed by MRS under this Agreement without obtaining the other Party's prior written consent.

(b) Audit. During the term of this Agreement and for a period of two (2) years thereafter, MRS shall maintain complete and accurate books and records to substantiate MRS' charges and MRS' compliance with the provisions of this Agreement. Such records shall include, but not be limited to, supporting documentation for all amounts invoiced and payments made to MRS under this Agreement. During the term of this Agreement and for the first year following expiration or termination of this Agreement, upon prior written notice to MRS, and during regular business hours at MRS' offices, Dealer or its designee, shall have the right to audit, inspect and make copies of all records maintained by, or under control of MRS to the extent related to the performance by MRS and the fees and expenses billed to Dealer under this Agreement. MRS shall reasonably cooperate with Dealer or its designees in connection with the audit, and assist Dealer, or its designees, as is reasonably required; provided that Dealer shall reimburse MRS for any reasonable out-of-pocket expenses incurred in connection with such cooperation and assistance.

(c) Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal Laws of the State of Delaware, without regard for its conflict of law principles.

(d) Assignment. Neither Party may assign this Agreement, any portion hereof, or any right or obligation hereunder without the prior written consent of the other Party, *provided*, *however*, that either Party may assign this Agreement without such consent in the event of a merger or sale of all or substantially all of that Party's assets. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

(e) Entire Agreement; Amendment. This Agreement (together with the Exhibits hereto), constitutes the complete and exclusive agreement of the Parties and supersedes all prior proposals and agreements between the Parties, in each case with respect to the subject matter hereof. This Agreement may not be amended or modified except by mutual written agreement of the Parties.

(f) Intended Third-Party Beneficiary. The rights and remedies of the Parties set forth in this Agreement are in addition to any rights or remedies that the Parties may have at law or in equity. The Parties further acknowledge and agree that (i) any Affiliate of MRS that provides any Program Services hereunder for any Vehicle, and (ii) any Affiliate of Dealer that owns any Vehicle for which Program Services are provided hereunder shall be an intended third-Party beneficiary of any provision of this Agreement that is applicable to such Affiliate.

(g) Force Majeure. A Party's performance of any of its obligations (other than payment obligations) pursuant to this Agreement or any Exhibit will be excused to the extent such Party's performance is prevented, hindered, or delayed by a Force Majeure Event. To the extent that one or more SLAs is not met as the result of a Force Majeure Event, then such SLA will be deemed suspended during such period. The Parties agree to work together in good faith to devise a mutually agreed upon work around in the event the Party prevented, hindered, or delayed by a Force Majeure Event reasonably determines that resuming the regular performance of its obligations is not practicable under the circumstances. "*Force Majeure Event*" means any circumstance or cause beyond a Party's reasonable control and not caused by such Party, its agents or employees, including, without limitation, (a) acts of God, (b) flood, fire, earthquake, severe weather event, explosion, accident, epidemic, pandemic, quarantine (whether or not mandated by a governmental or regulatory body) or other natural or man-made disaster, (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, sabotage, riot, national or regional emergencies or other civil disturbances, (d) acts or failures to act of any governmental or regulatory body (whether civil or military, domestic or foreign), embargoes or blockades, (e) strikes, lockouts, labor shortages, labor stoppages or slowdowns or other industrial disturbances, and (f) outage or shortage of adequate power, telecommunications, internet, supplies, raw materials, fuel, infrastructure or transportation.

(h) Counterparts; Severability. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which together shall constitute one agreement. Any photocopy or scanned copy of this Agreement in portable document format (PDF) shall be deemed an original copy for all purposes. If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision will be deemed restated, in accordance with applicable law, to reflect as nearly as possible the original intention of the Parties, and the remainder of the Agreement, as applicable, shall remain in full force and effect.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed by each Party's duly authorized representative as of the date first set forth above.

MRS:

MANHEIM REMARKETING, INC.
d/b/a Manheim Retail Solutions

/s/ Grace Huang
Name: Grace Huang
Title: President

DEALER:

LEFT GATE PROPERTY HOLDING, LLC
d/b/a Vroom

/s/ Dennis Looney
Name: Dennis Looney
Title: Chief Supply Chain Officer

EXHIBIT A

MRS Reconditioning Centers

[***]

EXHIBIT B

Reconditioning Playbook

The Recon Playbook consists of the reconditioning guidelines and standards provided in the following shared file:

[***]

The guidelines and standards set forth in such shared file may be amended by mutual agreement of MRS and Dealer from time to time in accordance with Section 2(a) of the Agreement.

EXHIBIT C

Service Level Agreement

MRS

Vehicle Recon Completion

MRS will strive to perform, on average, all Program Services on each Vehicle delivered to an MRS Reconditioning Center and achieve Vehicle Recon Completion within [***] of the date such Vehicle was delivered to the MRS Reconditioning Center (the "*Program Cycle*").

MRS shall determine, on a [***], whether the Program Cycle was achieved for each individual MRS Reconditioning Center by calculating [***] to determine whether the particular MRS Reconditioning Center is meeting Program Cycle expectations (each MRS Reconditioning Center so meeting Program Cycle expectations being referred to herein as a "*Performing Reconditioning Center*"). MRS will report in writing to Dealer (i) [***] and (ii) [***].

For any MRS Reconditioning Center that is not a Performing Reconditioning Center (each a "*Non- Performing Reconditioning Center*"), Dealer may, in Dealer's sole and absolute discretion, [***]. If a Non-Performing Reconditioning Center fails to correct the Program Cycle [***]. For the avoidance of doubt, [***] shall be an additional termination right of Dealer under Section 9.2 of the Agreement.

DEALER

[***]

Dealer and MRS agree that, at each QBR Meeting, they will review the [***], and identify and mutually agree upon an [***]. At each Quarter End, Dealer will deliver to MRS a written report setting forth [***].

In the event that either Party has provided a notice of termination pursuant to Section 9.2(a) of the Agreement, the Parties will review the [***] and work in good faith to establish an appropriate [***].

MRS & DEALER

[***]

The Parties agree that they will work together throughout the Term of the Agreement to establish a [***] and such [***].

The Parties agree that they will work together throughout the Term of the Agreement to establish a pricing structure that provides [***].

EXHIBIT D

Storage Fees

[***]

EXHIBIT E

[***]

EXHIBIT F

Fee Schedule

[***]

Reconditioning Fee Schedule

[***]

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of June 8, 2016 (the "Effective Date"), is entered by and between Vroom, Inc., a Delaware corporation (the "Company"), and Paul J. Hennessy (the "Employee").

Section 1. Employment.

The Company shall employ the Employee, and the Employee accepts employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning as of the Effective Date and ending as provided in Section 4 (the "Employment Period").

Section 2. Position and Duties.

(a) During the Employment Period, the Employee shall serve as the Chief Executive Officer of the Company.

(b) The Employee shall report to the Board of Directors or similar governing body of the Company (the "Board"). The Employee shall devote his best efforts and substantially all of his active business time and attention (except for permitted vacation periods) to the business and affairs of the Company and any entities from time to time directly or indirectly owned or controlled by the Company (each an "Affiliate," or collectively, the "Affiliates"). If so requested by the Company, the Employee shall serve as a member of the Board and/or an officer, director or manager of the Company's Affiliates. During the Employment Period, the Employee will not engage in any outside business activity without the prior written approval of the Board. The foregoing restrictions shall not limit or prohibit the Employee from engaging in passive investments or community, charitable and social activities, in each case, not interfering with the Employee's performance and obligations hereunder. In addition, the Employee may continue to serve on the board of directors of Shutterstock and on such other board positions as may be approved by the Board, so long as such service does not interfere with the Employee's performance and obligations hereunder. The Employee's principal place of employment will be at the Company's offices in New York.

Section 3. Compensation and Benefits.

(a) *Salary.* During the Employment Period, the Employee's annualized base salary shall be $325,000 (the "Base Salary") and shall be payable in installments in accordance with the Company's payroll practices.

(b) *Annual Bonus.* For each calendar year ending during the Employment Period, the Employee shall be eligible to receive a discretionary annual "base cash bonus" of up to $325,000 and a discretionary "stretch cash bonus" of up to an additional amount of $325,000, in each case, subject to the achievement of performance criteria established (and such achievement as determined) by the Board in its sole discretion, and the Employee's continued employment with the Company through the date on which such bonuses are paid. For the remainder of the 2016 calendar year, payment of a pro-rata portion of the base cash bonus (based on the number of days worked during such year) is guaranteed, subject to the Employee's continued employment with the Company through the date on which such bonuses are paid.

(c) *Benefits.* During the Employment Period, the Employee shall be eligible to participate in all employee benefit programs from time to time for which employees of the Company are generally eligible in accordance with the terms of such programs. The Employee's health care premiums shall be paid in full by the Company unless such payment may result in the imposition of penalties or is prohibited by applicable law.

(d) *Business Expenses.* The Company shall pay or reimburse the Employee for all reasonable business expenses incurred by the Employee during the Employment Period in performing services hereunder in accordance with policies then in effect.

(e) *Stock Option Award.* Effective as of the Effective Date, the Employee will be granted an option to acquire a number of shares of common stock of the Company ("Common Stock") representing three percent (3.0%) of the fully diluted shares of the Company outstanding as of the Effective Date (the "Stock Option"), subject to the terms and conditions of an option agreement ("Option Award") and the Company's Second Amended and Restated 2014 Equity Incentive Plan (the "Plan"). Seventy five percent (75%) of the Stock Option will be subject to a time vesting schedule ("Time-Vesting Option") and the remaining twenty five percent (25%) of the Option will be subject to a performance vesting schedule ("Performance-Vesting Option"). The Time-Vesting Option shall vest and become exercisable under the following schedule: (i) twenty-five percent (25%) on the first anniversary of the Effective Date, and (ii) six and one-quarter percent (6.25%) at the end of each subsequent three (3)-month period over the course of the following three (3) years; provided that the Employee remains in Continuous Service (as defined in the Plan) throughout the applicable vesting date. The Performance-Vesting Option shall vest and become exercisable under the following schedule: (i) fifty percent (50%) when the equity value of the Company reaches $1.5 billion, and (ii) fifty percent (50%) when the equity value of the Company reaches $2 billion, in each case, subject to the Employee's Continued Service through the applicable vesting event. For the avoidance of doubt, once a portion of the Performance-Vesting Option vests during the Employee's Continued Service, such portion will remain vested upon a subsequent termination of Continued Service. So long as there is no regular public trading market for the Common Stock, the Company's equity value will be determined based on any recent equity capital infusion or secondary sale of at least $25 million. The Stock Option's strike price will be consistent with the Company's current Section 409A valuation. The Option Award will include provisions for termination of continuous service, extension of termination date, disability, death, early exercise, right of repurchase, right of first refusal and exercise procedure consistent with other executives of the Company.

(f) *Stock Purchase.* Following the Effective Date, but no later than one month following such date, the Employee will have the right to make a one-time cash investment in the Company of up to $1 million for the purchase of a combination of shares of Common Stock and Series D Preferred Stock (the "Shares") of the Company, in the same ratio of Common Stock to Series D Preferred Stock as issued in the Company's most recent financing and for a per share purchase price of $13.17. The purchased shares shall be subject to the terms of the Company's governing documents as in effect from time to time, including, without limitation, the Company's Voting Agreement, Investor Rights Agreement and Right of First Refusal and Co-Sale Agreement and, as a condition to the issuance of purchased shares to the Employee, the Employee shall execute joinders to become a party to each such agreement.[1]

[1] Note to Draft: Co-sale rights will be addressed in the Company's Right of First Refusal and Co-Sale Agreement.

Section 4. Term and Termination.

The Employee's employment hereunder shall be effective for a period commencing on the Effective Date and ending on the day immediately preceding the third (3rd) anniversary of the Effective Date (the "Initial Term"); provided, however, that such term shall automatically be extended for one or more successive twelve (12) month periods on the last day of the Initial Term and any extension thereof unless and until either party provides at least forty five (45) days' advance written notice prior to the end of the Initial Term or any extension thereof that such party declines to so extend the term of employment hereunder. Notwithstanding the foregoing, the Employment Period and the employment relationship may be terminated by the Company or the Employee at any time and for any reason. The last day on which Employee is employed by the Company is referred to as the "Termination Date." It is understood that if the Employee elects to terminate the Employment Period through resignation, then he will use reasonable efforts to provide the Company with at least thirty (30) days' advance written notice.

Section 5. Payments Upon Termination.

(a) Upon the termination of the Employment Period the Employee shall be entitled to receive his Base Salary and all other non-forfeitable payments and benefits only to the extent that such amounts have accrued through the Termination Date.

(b) If the Company terminates the Employee's employment hereunder without Cause (as defined below) then, following the execution of a general release of claims by the Employee in a form provided by the Company:

(i) the Employee shall be entitled to an acceleration of vesting of the Time-Vesting Option and any other equity award granted to him by the Company that is subject to time vesting by a period equal to the greater of (i) 12 months and (ii) the number of days such that the cumulative vested portion of the equity award equals 18 months from the Effective Date; and

(ii) the Board will use its best efforts to extend the exercise period of the Option following the termination of the Employee's Continuous Service for two (2) years (but not beyond its original ten (10)-year expiration date) provided that it is not prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act.

(c) Except as otherwise required by law or as specifically provided herein, all of the Employee's rights to payments and benefits hereunder shall cease upon the Termination Date. The Employee shall not be entitled to any severance payments or benefits under any severance policy or practice.

(d) For purposes hereof "Cause" means one or more of the following: (i) the Employee's substantial and repeated failure to perform duties as reasonably and lawfully directed by the Board; (ii) conduct by the Employee reasonably likely to bring the Company or any of its Affiliates into disgrace or disrepute; (iii) the Employee's commission of any felony, crime involving moral turpitude or other act of material dishonesty, disloyalty or fraud; (iv) the Employee's breach of fiduciary duty, gross negligence or willful misconduct with respect to the Company or any of its Affiliates; (v) the Employee's failure in any material respect to comply with any material written policy of the Company; (vi) a breach of the covenants in Sections 6, 7 or 8 hereof, or (vii) any other material breach of this Agreement.

(e) No act or omission shall be deemed willful for purposes of this Section if taken or omitted to be taken by Executive based on instruction from the Board. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until the Company delivers to the Employee written notice of any event constituting "Cause", and, if the Employee may fully cure an event constituting "Cause" set forth in clauses (i), (v), (vi), (vii) or (viii), the Employee has had at least thirty (30) days to cure such event; provided, that in the case of a repeat occurrence of any such event constituting "Cause" for which the Company previously provided an opportunity to cure, the notice or cure period shall not apply.

Section 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Employee shall not disclose or use at any time without the written consent of the Company, either during the Employment Period or thereafter, any Confidential Information (as defined below) of which the Employee is or becomes aware, whether or not such information is developed by him, except to the extent that such disclosure or use is directly related to and required by the Employee's performance in good faith of duties assigned to the Employee by the Company or is required to be disclosed by law, court order, or similar legal compulsion; *provided, however,* that such disclosure shall be limited to the extent so required or compelled; and *provided, further,* that the Employee shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Employee acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and Affiliates and has been maintained in a confidential manner by the Company, its predecessors and Affiliates. The Employee does not claim any rights to or lien on any Confidential Information. The Employee will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Employee becomes aware and of all details thereof. The Employee shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Employee shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, software and other documents and data (and copies thereof regardless of the form thereof (including electronic copies)) relating to the Confidential Information or the Work Product (as defined below) which the Employee may then possess or have under his control and will delete all copies of electronic Confidential Information stored in his personal electronic storage devices.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is or was used, developed or obtained by the Company or any Affiliate in connection with their businesses, including, but not limited to, information, observations and data obtained by the Employee while employed by the Company

concerning (i) the business or affairs of the Company and its Affiliates, (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers, clients and suppliers and customer, client and supplier lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, (xv) business strategies, acquisition plans and candidates, financial or other performance data, and (xvi) all similar and related information in whatever form, unless: (A) the information is or becomes publicly known through no wrongful act or breach of obligation of confidentiality; or (B) the information is disclosed to the Employee without a confidential restriction by a third party who rightfully possesses the information and did not obtain it, either directly or indirectly, from Company.

Section 7. Inventions and Patents.

The Employee agrees that all inventions, innovations, improvements, ideas, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relates to the Company's or any of its Affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Employee (whether or not during usual business hours or on the premises of the Company or any Affiliate and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such Affiliate. The Employee shall promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the Company's or its Affiliates' ownership of such Work Product and provide reasonable assistance to the Company or any of its Affiliates in connection with the prosecution of any applications for patents, trademarks, trade names, service marks or reissues thereof or in the prosecution or defense of interferences relating to any Work Product. If the Company is unable, after reasonable effort, to secure the signature of the Employee on any such papers, any officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Employee, and the Employee hereby irrevocably designates and appoints each officer of the Company as his agent and attorney-in-fact to execute any such papers on his behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product.

Section 8. Non-Competition; Non-Solicitation; Non-Disparagement.

(a) The Employee acknowledges that by virtue of the employment relationship with the Company contemplated by this Agreement, he will be granted immediate access to certain Confidential Information of the Company and its Affiliates and the opportunity to have access to customers and associated goodwill, and that his services will be of special, unique and extraordinary value to the Company and its Affiliates. Therefore, in order to protect the Company and its Affiliates' interest in its Confidential Information, the Employee agrees that during the Employee's employment with the Company or any of its Affiliates and for eighteen (18) months thereafter

(subject to automatic extension by one day for each day the Employee is in violation of this Section 8(a)), he shall not, directly or indirectly, provide services that are the same or similar in function or purpose to any of the services provided by the Employee to the Company (as an owner, manager, consultant, contractor, employee, agent or otherwise) to any business competing with the Business within the Restricted Territory. The Employee acknowledges that the nature and scope of the Company's business is national. The term "Restricted Territory" means (a) the States of New York and Texas and (b) any other State, Commonwealth, territory or possession of the United States or foreign country in which the Company is either (1) doing business or (2) actively planning to do business as of the Termination Date. The term "Business" means the business of selling, purchasing, distributing and marketing used vehicles via e-commerce channels and any other business, products or services of the Company or its Affiliates as such businesses, products and/or services exist during the Employment Period or are in the process of being formed or acquired within twelve (12) months prior to the termination of the Employee's employment, with respect to which (A) the Employee is actively engaged or (B) the Employee has learned or received Confidential information.

Nothing herein shall prohibit the Employee 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 that is engaged in the Business, so long as the Employee has no active participation in the business of such corporation.

(b) During the Employee's employment with the Company or any of its Affiliates and for eighteen (18) months) thereafter (subject to automatic extension by one day for each day the Employee is in violation of this Section 8(b)), the Employee shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee or individual consultant of the Company or any Affiliate to leave the employ or service of the Company or such Affiliate, or in any way interfere with the relationship between the Company or any such Affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee or individual consultant of the Company or any Affiliate until six (6) months after such individual's employment or consulting relationship with the Company or any Affiliate has been terminated; or

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any individual or entity (x) that is purchasing goods or receiving services from the Company and/or any Affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any Affiliates), supplier, licensee, contractor or other business relation of the Company or any Affiliate to cease or reduce doing business with the Company or such Affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, contractor or business relation, on the one hand, and the Company or any such Affiliate, on the other hand.

(c) The Employee shall inform any prospective or future employer that engages in the Business of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement), prior to the commencement of that employment.

(d) The Employee agrees that the restrictions contained in this Section 8 are a part of this otherwise enforceable Agreement (including the enforceable promise to provide immediate access to Confidential Information (including trade secrets) and access to customer goodwill). Additionally, the Employee agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Employee and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(e) In order to protect the goodwill of the Company and its Affiliates, to the fullest extent permitted by law, the Employee, both during and after the Employment Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its Affiliates, and each such entity's employees, officers, directors, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, manufacturing, or marketing. Nothing in this Section 8(c) shall prevent the Employee from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Employee promises to provide the Company with written notice of any request to so cooperate or provide testimony within one (1) day of being requested to do so, along with a copy of any such request.

Section 9. Enforcement; Survival.

Because the Employee's services are unique and because the Employee has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Employee, the Company and any of its Affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, apply to any court of competent jurisdiction (without any requirement to post bond) for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof. The Employee agrees not to claim that the Company or any of its Affiliates has adequate remedies at law for a breach of any of Sections 6 through 8, as a defense against any attempt by the Company or any of its Affiliates to obtain the equitable relief described above. The provisions of Sections 6 through 8 of this Agreement, as well as any other provisions of this Agreement that are necessary or desirable to fully accomplish the purpose of such covenants, shall survive the termination of the Employee's employment with the Company and/or of this Agreement.

Section 10. Representations and Warranties of the Employee.

The Employee hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Employee does not and shall not conflict with, breach or violate any agreement to which the Employee is a party or any judgment to which the Employee is subject and (b) upon the execution and delivery of this Agreement, this Agreement will be a binding obligation of the Employee, enforceable in accordance with its terms. In addition, the Employee represents and warrants that he has no and shall not have any ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

Section 11. Notices.

All notices and other communications hereunder shall be in writing. Any notice or other communication hereunder shall be deemed duly given when delivered personally to the recipient or one (1) business day after deposit with a nationally recognized overnight delivery service (receipt requested), in each case as follows:

If to the Company, to:

Vroom, Inc.
149 Fifth Avenue
Fifth Floor
New York, New York 10010
Attention: Mike Akrop

If to the Employee, to the address set forth on the signature page hereto.

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith.

Section 12. General Provisions.

(a) Severability. Subject to Section 8(d), if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Construction. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Company and the Employee and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(c) Complete Agreement. This Agreement and those documents expressly referred to herein constitute the entire agreement among the parties and supersede any prior understandings and agreements by or among the parties, whether written or oral, related in any way to the subject matter of this Agreement.

(d) Successors and Assigns. This Agreement shall be binding on, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. The Employee may not assign, transfer or delegate his rights or obligations hereunder and any attempt to do so shall be void. The Company may only assign this Agreement and its rights, together with its obligations, hereunder either to an affiliate, or in connection with any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, consolidation or otherwise, including a merger of the Company.

(e) Withholding of Taxes. The Company may deduct and withhold from the compensation payable to the Employee hereunder or otherwise any and all applicable federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable law.

(f) Governing Law. This Agreement shall in all respects be subject to, and governed by, the laws of the State of New York without regard to the principles of conflict of laws.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Employee, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the enforceability of this Agreement or any provision hereof.

(h) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(i) Code Section 409A. This Agreement is intended to be interpreted and operated so that the payments and benefits set forth herein either shall either be exempt from or comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). In no event shall the Company be liable for any taxes, penalties or interest which may be imposed upon the Employee pursuant to Section 409A. The Employee hereby agrees that no representations have been made to the Employee relating to the tax treatment of any payment pursuant to this Agreement. To the extent required to comply with the provisions of Section 409A, (1) no reimbursement of expenses incurred by the Employee during any taxable year shall be made after the last day of the following taxable year of the Employee, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Employee in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit.

Section 13. WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 13 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS.

[SIGNATURE PAGE TO _____ EMPLOYMENT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

THE COMPANY:

Vroom, Inc.

By: /s/ Michael Akrop
Name: Michael Akrop
Title: CFO

EMPLOYEE:

/s/ Paul J. Hennessy
Name: Paul J. Hennessy
Address: [***]
[***]
Fax: _____
email: [***]

October 15, 2018

David K. Jones
11 Deputy Minister Drive
Colts Neck, NJ 07722
delivered via email to Daonia@yahoo.com

Dear Dave:

Congratulations – this is where the rubber meets the road! We are pleased to extend you the following offer of employment with Vroom, Inc. ("Vroom" or the "Company"). We believe that you have the personal and professional qualities to contribute to Vroom's continued success. This letter sets forth the terms of your offer.

Position: Chief Financial Officer, reporting to Paul Hennessy, CEO. You will also be an Officer of the Company and have the fiduciary duties that are commensurate with that position.

Start Date: Your first day of employment will be as soon as possible, to be determined upon acceptance.

Location: Your home office will be in New York, NY. Your regular work hours will vary as required by the needs of the business.

Salary: Your gross annual salary will be $500,000, payable bi-weekly on Fridays. Your role is currently classified as exempt. Therefore, you are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).

Annual Incentive: This position is eligible for participation in Vroom's Incentive Bonus Plan. This plan is based upon Vroom's achievement of its business plan, as well as your success against personal performance goals.

- Your annual target bonus is 50% of your base salary.
- For the 2018 plan year, Vroom will guarantee payment of the prorated portion of your bonus target on or before April 15, 2019.
- For the 2019 plan year, Vroom will guarantee payment of no less than one half of your target bonus amount on or before April 15, 2020.
- Payments are generally made on or before the end of the first quarter following the relevant performance year. No part of any bonus is earned unless you are actively employed by Vroom on the date the bonus is to be paid.
- The details of Vroom's Incentive Bonus Plan will be governed and outlined in a plan document that you will receive once you begin employment.

Sign on / Onboarding Bonus:

- Vroom agrees to pay you a sign-on bonus totaling $250,000 on the earliest practical payroll date immediately following 90 days of continuous employment.
- Vroom further agrees to pay you an additional bonus totaling $150,000 on the earliest practical payroll date following fifteen (15) months of employment.

* For Cause means Vroom's good faith determination that the employee has: 1) committed any act constituting financial dishonesty against Vroom or its Subsidiaries; (ii) engaged in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment which, as determined in good faith, would (A) adversely affect the business or prospective customers, suppliers, lenders and / or other third parties with whom such Vroom does or might do business; or (B) expose the Vroom or any of its subsidiaries to a risk of civil or criminal legal damages, liabilities, or penalties; (iii) engaged in or committed any misconduct, violation of the Vroom's written policies, including Vroom's Employee Handbook, or committed non-performance of duty in connection with the business affairs of the Vroom or its subsidiaries; or (iv) breached any agreement, including without limitation, this Agreement and any agreement relating to non-competition, non-solicitation or confidentiality.

- You agree to repay to Vroom a prorated amount of the bonus received if you voluntarily terminate your employment or are terminated for Cause* within two calendar years of each respective payment date. You will be required to sign Vroom's standard Sign on Bonus Agreement and will be subject to the terms and conditions set forth therein.

Equity: Subject to approval by Vroom's Board of Directors (the "Board"), Vroom will recommend to the Board to grant you 200,000 shares of Common Stock of the Company (the "Options") to purchase, at a price per share to be determined by the Board based on an independent valuation.

- The Options shall vest over a period of four years, with 25% of the Options vesting on each anniversary of your start date, all subject to your continued employment and the approval of the Board and the Company's 2017 Equity Incentive Plan.
- The terms of the grant shall be subject to the terms of the Plan, and an option agreement to be entered into between you and Vroom. Options and other payments may be subject to Section 409A of the Internal Revenue Code of 1986, as described in the attached document.

Benefits: You are eligible to participate in Vroom's comprehensive benefits package starting on the first day of the month, immediately following your start date. For details on eligibility and our full benefits offering, please review our benefits guide, which will be provided on your first day of employment.

Time Off: You will be eligible for 20 days of PTO annually. Please review Vroom's Time Off Policy in the Employee Handbook for complete details.

Separation: This letter does not constitute an offer of employment for any definite period of time. Your employment is "at-will," and either you or Vroom may terminate the employment relationship at any time and for any reason with or without prior notice. Nothing in Vroom's offer to you, including but not limited to provisions regarding compensation or benefits, nor anything contained in the Employee Handbook, alters the at-will nature of your employment. Notwithstanding the "at-will" nature of the relationship, if you are terminated for any reason other than For Cause or resign for Good Reason (where Good Reason is a material reduction in the salary, position, duties, or responsibilities of your role), you shall be entitled to receive the greater i) three (3) months of your then current base salary and benefits continuation; or ii) the separation pay amount otherwise payable to Company employees based on the then in-force policy at the time of termination. Likewise, you agree to provide 60 days' written notice to the company of the resignation of your employment. The Company reserves the right to terminate employment at an earlier time and to pay compensation in lieu of the notice provided.

Next steps: As with all employees, our offer to you is contingent on the following:

- Vroom's receipt of a positive background screen report, which may address one or more of the following areas, as required by the position being offered: education verification, employment verification, criminal record, personal credit history, motor vehicle record.
- Your consent to submit to a drug and alcohol screen. Refusal to submit to the drug and alcohol screen, or positive test results for drugs and/or alcohol, will result in the conditional offer of employment being withdrawn.
- Receipt of satisfactory proof of your identity and legal authorization to work in the United States as required by the Immigration Reform and Control Act of 1986 on your first day of employment
- Your acknowledgement and agreement that your acceptance of this offer will not violate any agreements or arrangements with other individuals or entities, or duties to your current or former employers.
- Your execution of the Company's Proprietary Information and Inventions Assignment Agreement, which is attached as Vroom PIIA.
- Your acknowledgement that you will comply with the policies set forth in Vroom's Employee Handbook, which you will receive shortly after you begin.

I hope you are ready to take the wheel and help drive Vroom’s growth!

I look forward to your acceptance of this offer. If you have any questions, do not hesitate to call. To accept this offer, please complete, sign and scan all documents included with this offer package.

Sincerely,

/s/ C. Denise Stott	10/21/2018 6:09:22 PM PDT
C. Denise Stott | Vroom SVP, People & Culture	Date

Enclosures

I accept your offer of employment and agree to the provisions stated in this letter. I acknowledge that this letter constitutes the entire agreement between Vroom and me and supersedes all prior verbal or written agreements, arrangements or understandings pertaining to my offer of employment. I understand that I am employed at will and that my employment can be terminated at any time, with or without cause, at the option of either Vroom or me.

I UNDERSTAND THAT THIS AGREEMENT AFFECTS IMPORTANT RIGHTS. BY SIGNING BELOW, I CERTIFY THAT I HAVE READ IT CAREFULLY AND AM SATISFIED THAT I UNDERSTAND IT COMPLETELY.

/s/ David K. Jones	10/19/2018 2:30:03 PM PDT
Signed: David K. Jones	Date

EMPLOYEE INVENTIONS AND PROPRIETARY INFORMATION AGREEMENT

Employee Name: David K. Jones Date of Agreement: 10/19/2018 2:30:03 PM PDT

This agreement (the "Agreement") between Vroom, Inc. a Delaware Corporation (the "Company" or "Vroom"), and employee as detailed below ("Employee" or "I") is effective the first day of Employee's employment with Vroom. This Agreement is material consideration for employment or continued employment by the Company. In exchange of valuable consideration, the parties agree:

1. **No Conflicts.** I have not and will not make, any agreement, that is in conflict with this Agreement or my employment with Vroom. I will not violate any agreement with, or the rights of, any third party. When acting within the scope of my employment (or otherwise on behalf of Vroom), I will not use or disclose my own or any third party's confidential information or intellectual property (collectively, "Restricted Materials"), except as expressly authorized by the Company in writing. I have not retained anything containing or reflecting any confidential information of a prior employer or other third party.

2. Inventions.

a. **Definitions.** "Company Interest" means any product, service, other Invention or Intellectual Property Rights (defined below) that is sold, leased, used, licensed, provided, proposed, under consideration or under development by Vroom. "Intellectual Property Rights" means any and all patent rights, copyright rights, trademark rights, mask work rights, trade secret rights, *sui generis* database rights and all other intellectual and industrial property rights of any sort throughout the world (including any application therefor). "Invention" means any idea, concept, discovery, invention, development, research, technology, work of authorship, trade secret, software, content, audio-visual material, tool, process, technique, know-how, data, plan, device, apparatus, specification, design, prototype, circuit, layout, mask work, algorithm, program, code, documentation or other material or information, tangible or intangible, and all versions, modifications, enhancements and derivative works thereof, whether or not it may be patented, copyrighted, trademarked or otherwise protected.

b. **Assignment.** To the fullest extent under applicable law, Vroom shall own, and I assign and agree to assign, all right, title and interest in and to all Inventions (including all Intellectual Property Rights therein or related thereto) that are collected, made, conceived, reduced to practice or set out in any tangible medium of expression, in whole or in part, by me during the my employment with Vroom, including the applicable statutory provision for my state of employment, if any, or that (i) arise out of any use of Vroom's facilities or assets or any research or other activity conducted by, for or under the direction of Vroom (whether or not conducted (A) at the Vroom's offices; (B) during working hours or (C) using Vroom's assets), or (ii) are useful with or relate directly or indirectly to any Company Interest. I will promptly disclose and provide all of the foregoing Inventions (the "Assigned Inventions") to Vroom. Assigned Inventions shall not include any Invention that meets all of the following requirements: (1) the Invention is developed entirely on my own time; (2) the Invention is developed entirely without use of Vroom's facilities, assets, ideas or direction and (3) the Invention is not related to any Company Interest.

c. **Assurances.** I make and agree to make all assignments to Vroom as necessary to effectuate and accomplish Vroom's ownership in and to all Assigned Inventions. I will assist Vroom, at its expense, to evidence, record and perfect assignments, and to perfect, obtain, maintain, enforce and defend any rights specified to be so owned or assigned. I irrevocably designate and appoint Vroom and its officers as my agents and attorneys-in-fact, coupled with an interest, to act for and on my behalf to execute and file documents and to perform lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by me.

d. **Other Inventions.** If (i) I use or disclose any Restricted Materials when acting within the scope of my employment (or otherwise on behalf of Vroom) or (ii) any Assigned Invention cannot be fully made, used, reproduced, sold, distributed, modified, commercialized or otherwise exploited (collectively, "Exploited") without using, misappropriating, infringing or violating any Restricted Materials, I grant and agree to grant Vroom a perpetual, irrevocable, worldwide, full paid-up, royalty-free, non-exclusive, transferable, sublicensable right and license to use, disclose, fully Exploit and exercise all rights in such Restricted Materials and all Intellectual Property Rights therein or related thereto. I will not use or disclose any Restricted Materials for which I am not fully authorized to grant the foregoing license.

e. **Moral Rights.** To the extent allowed by applicable law, the terms of this Section 2 include all rights of paternity, integrity, disclosure, withdrawal and any other rights that may be known or referred to as moral rights, artist's rights, droit moral or the like (collectively, "Moral Rights"). To the extent I retain any such Moral Rights under applicable law, I hereby ratify and consent to any action that may be taken with respect to such Moral Rights by or authorized by Vroom, and agree not to assert any Moral Rights with respect thereto. I will confirm any such ratification, consent or agreement from time to time as requested by Vroom. I agree that notwithstanding any rights of publicity, privacy (whether or not statutory) Vroom may and is authorized to use my name, likeness and voice in connection with promotion of its business, products and services, and to allow others to do the same unless I expressly request otherwise in the execution of this Agreement.

3. Proprietary Information.

a. **Definition; Restrictions on Use.** I agree that all Assigned Inventions and all other confidential financial, business, legal and technical information, including the identity of and any other information relating to Vroom's employees, Affiliates and Business Partners (as such terms are defined below), which I develop, learn or obtain during my employment or that are received by or for Vroom in confidence, constitute "Proprietary Information." I will hold in strict confidence and not directly or indirectly disclose or use any Proprietary Information, except as required within the scope of my employment. My obligation of nondisclosure and nonuse of Proprietary Information exists for so long as such information remains confidential (except where I can document that it is or becomes readily available to the public without restriction through no fault of mine (including breach of this Agreement)) or, if a court requires a shorter duration, then the maximum time allowable by law. This Agreement does not affect my immunity under 18 USC Sections 1833(b) (1) or (2), which read as follows:

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(1) An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

b. **Upon Termination.** Upon termination of my employment (for any or no reason), I will promptly identify and destroy, delete or return to Vroom all items containing or embodying Proprietary Information (including all original or copies of content, whether in electronic or hard-copy form), except that I may keep my personal copies of (i) my personnel records; (ii) materials distributed to shareholders generally and (iii) this Agreement.

c. **Monitoring and Search.** I agree that I have no expectation of privacy with respect to the Vroom's networks, telecommunications systems or information processing systems (including, without limitation, stored computer files, email messages and voicemail messages or other devices (including personal devices)) in which Company Proprietary Information resides, is stored or is passed through ("Company Systems"), and in order to ensure compliance with work rules and safety concerns, Vroom or its agents may monitor, at any time and without further notice to me, any Company Systems and any of my activity, files or messages on or using any Company Systems, regardless of whether such activity occurs on equipment owned by me or Vroom. I agree that any property situated on Vroom's premises and owned, leased or otherwise possessed by Vroom, including computers, computer files, email, voicemail, storage media, filing cabinets or other work areas, is subject to inspection by Vroom personnel at any time with or without notice. I agree that (A) any such searches or monitoring efforts are not formal accusations of wrongdoing but rather part of the procedure of an investigation and (B) refusal to consent to a search may be grounds for discipline.

4. **Restricted Activities.** For the purposes of this Section 4, the term "the Company" includes Vroom and all other persons or entities that control, are controlled by or are under common control with Vroom ("Affiliates") and for whom Employee performed responsibilities or about whom Employee has Proprietary Information.

a. **Definitions.** "Competitive Activities" means any direct or indirect non-Company activity (i) that is the same or substantially similar to Employee's responsibilities for Vroom that relates to, is substantially similar to, or competes with Vroom (or its demonstrably planned interests) at the time of my termination from Vroom; or (ii) involving the use or disclosure, or the likelihood of the use or disclosure, of Proprietary Information. Competitive Activities do not include being a holder of less than one percent (1%) of the outstanding equity of a public company. "Business Partner" means any past (i.*e.*, within the twelve (12) months preceding Employee's termination from Vroom), present or prospective (i.*e.*, actively pursued by Vroom within the twelve (12) months following Employee's termination from Vroom) customer, vendor, supplier, distributor or other business partner of Vroom with whom Employee comes into contact during Employee's employment with Vroom or about whom Employee had knowledge by reason of Employee's relationship with the Company or because of Employee's access to Proprietary Information. "Cause" means to recruit, employ, retain or otherwise solicit, induce or influence, or to attempt to do so. "Solicit", with respect to Business Partners, means to (A) service, take orders from or solicit the business or patronage of any Business Partner for Employee or any other person or entity unless such relationship has no bearing on Vroom's business whatsoever (A) divert, entice or otherwise take away from Vroom the business or patronage of any Business Partner, or to attempt to do so, or (B) solicit, induce or encourage any Business Partner to terminate or reduce its relationship with Vroom.

b. Acknowledgments.

i. I agree that (A) Vroom's business is highly competitive; (B) secrecy of the Proprietary Information is of the utmost importance, and I will learn and use Proprietary Information in the course of performing my work and (C) my position may require me to establish goodwill with Business Partners and employees on behalf of Vroom and such goodwill is important to the Vroom's success, and Vroom has made substantial investments to develop its business interests and goodwill.

ii. I agree that the limitations as to time, geographical area and scope of activity to be restrained in this Section 4 are coextensive with Vroom's footprint and my performance of responsibilities for Vroom and are therefore reasonable and not greater than necessary to protect the goodwill or other business interests of Vroom. I agree that Vroom's need for protection afforded by this Section 4 is greater than any hardship I may experience by complying with its terms.

iii. I acknowledge that my violation or attempted violation of the agreements in this Section 4 will cause irreparable damage to Vroom or its Affiliates, and I agree that Vroom will be entitled to an injunction out of any court of competent jurisdiction, restraining any violation or further violation of such agreements by me or others acting on my behalf. Vroom's right to injunctive relief shall be cumulative and in addition to any other remedies provided by law or equity.

iv. Although the parties believe that the limitations as to time, geographical area and scope of activity contained herein are reasonable and do not impose a greater restraint than necessary to protect the goodwill or other business interests of Vroom, if it is judicially determined otherwise, the limitations shall be reformed to the extent necessary to make them reasonable and not to impose a restraint that is greater than necessary to protect the goodwill or other business interests of Vroom.

v. In any such case, Vroom and I agree that the remaining provisions of this Section 4 shall be valid and binding as though any invalid or unenforceable provision had not been included.

c. **As an Employee.** During my employment, I will not directly or indirectly: (i) Cause any person to leave their employment with Vroom (other than terminating subordinate employees in the course of my duties, truthfully participating in an internal investigation, or providing performance feedback in the normal course of business); (ii) Solicit any Business Partner; (iii) act in any capacity in or with respect to any commercial activity which competes, or is reasonably

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likely to compete, with any business that Vroom conducts, proposes to conduct or demonstrably anticipates conducting, at any time during my employment with Vroom or (iv) enter into in an employment, consulting or other similar relationship with another person or entity that requires a significant time commitment without the prior written consent of Vroom.

d. **After Termination.** For the period of twelve (12) months immediately following my termination of employment with Vroom, I will not directly or indirectly: (i) Cause or attempt to cause any person to leave their employment with Vroom; (ii) Solicit any Business Partner or (iii) engage in any Competitive Activities (A) anywhere Vroom offers its services or has customers during my employment with Vroom or where my use or disclosure of Proprietary Information could materially disadvantage Vroom regardless of my physical location; or (B) anywhere Vroom offers its services or has customers and where I have responsibility for Vroom or (C) anywhere within a fifty (50) mile radius of any physical location I work for Vroom. The foregoing timeframes shall be increased by the period of time beginning from the commencement of any violation of the foregoing provisions until such time as I have cured such violation.

5. **Employment at Will.** This Agreement is not an employment contract for any particular term. I may resign and Vroom may terminate my employment at will, at any time, for any or no reason, with or without cause. This Agreement does not purport to set forth all of the terms and conditions of my employment, and as an employee of Vroom, I have obligations to Vroom which are not described in this Agreement. However, the terms of this Agreement govern over any such terms that are inconsistent with this Agreement, and supersede the terms of any similar form that I may have previously signed. This Agreement can only be changed by a subsequent written agreement signed by Vroom's CEO, or an authorized designee.

6. **Survival.** Any change or changes in my employment title, duties, compensation, or equity interest after the signing of this Agreement does not affect the validity or scope of this Agreement. Sections 2, 3, 4, 6 and 7 of this Agreement continue in effect after termination of my employment and Vroom is entitled to communicate my obligations under this Agreement to any of my potential or future employers. I will provide a copy of this Agreement to any potential or future employers of mine, so that they are aware of my obligations. Sections 2, 3, 4, 6 and 7, and any obligations I have under such sections, also shall be binding upon my heirs, executors, assigns and administrators, and shall inure to the benefit of Vroom, its Affiliates, successors and assigns. This Agreement may be freely assigned by Vroom.

7. **Miscellaneous.** Any dispute in the meaning, effect or validity of this Agreement shall be resolved in accordance with the laws of the State of New York without regard to the conflict of laws provisions thereof. Any legal action or proceeding relating to this Agreement shall be brought exclusively in the state or federal courts located in New York County, New York, and each party consents to the jurisdiction thereof. The failure of either party to enforce its rights under this Agreement will not act as a waiver of such rights. Unless expressly provided otherwise, each right and remedy in this Agreement is in addition to any other right or remedy, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy. If one or more provisions of this Agreement is held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect enforceable. I agree that any breach or threatened break of my Agreement will cause irreparable harm to Vroom and damages would an adequate remedy. Therefore, Vroom is entitled to injunctive relief with thereto (without posting an bond) in addition to any other remedies.

I READ THIS AGREEMENT AND I UNDERSTAND AND ACCEPT OBLIGATIONS THAT IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATION HAVE BEEN TO ME TO INDUCE ME TO SIGN THIS AGREEMENT VOLUNTARILY, WITH THE UNDERSTANDING THAT I EITHER (1) HAVE RETAINED A COPY OF THIS AGREEMENT OR (2) MAY REQUEST A COPY OF THIS AGREE FROM VROOM AT ANY TIME.

VROOM

Signature	/s/ Deni Stott
Name:	Deni Stott
Title:	SVP of People and Culture
Dated:	10/21/2018 6:09:22 PM PDT

EMPLOYEE

Signature	/s/ David K. Jones
Name:	David K. Jones
Address:	[***]
Dated:	10/19/2018 2:30:03 PM PDT

Initialed: 

Exhibit 10.15

January 6, 2019

Mark Roszkowski
Delivered via e-mail: markeroszkowski@gmail.com

Dear Mark:

Congratulations - this is where the rubber meets the road! We are pleased to extend you the following offer of employment with Vroom, Inc. ("Vroom"). We believe that you have the personal and professional qualities to contribute to Vroom's continued success. This letter sets forth the terms of your offer.

Position: Chief Revenue Officer, reporting to Paul Hennessy.

Start Date: Your first day of employment will be as soon as possible, to be determined upon acceptance.

Location: You will primarily work from our New York location. Our normal hours of operation are 9 AM to 6 PM, however, your actual schedule will be determined based on the overall needs of the business.

Salary: Your gross base annual salary will be $450,000, payable bi-weekly on Fridays. Your role is currently classified as exempt. Therefore, you are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).

Annual Incentive: This position is eligible for participation in Vroom's Incentive Bonus Plan. This plan is based upon Vroom's achievement of its business plan, as well as your success against personal performance goals.

- Your 2019 annual target bonus is 50% of your base salary. Provided that you start on or before February 8, 2019, your bonus target will not be prorated for that year. Should you start any date after February 8, 2019, your target will be prorated for actual time in position.
- Payments are generally made on or before the end of the first quarter following the relevant performance year. No part of any bonus is earned unless you are actively employed by Vroom on the date the bonus is to be paid.
- The details of the bonus plan will be and outlined in a plan document governing all participants in the Incentive Bonus Plan that you will receive once you begin employment.

Equity: Subject to approval by Vroom's Board of Directors (the "Board"), Vroom will grant you 175,000 options to purchase shares of Common Stock of the Company (the "Options") at a price per share to be determined by the Board based on an independent valuation in accordance with Section 409A of the Internal Revenue Code.

- The Options shall vest over a period of four years, with 25% of the Options vesting on each anniversary of your start date, all subject to (1) your continued employment and (2) the approval of the Board and (3) the terms of the Company's 2014 Equity Incentive Plan.
- The terms of the grant shall be subject to the terms of the Plan, and an option agreement to be entered into between you and Vroom. Options and other payments may be subject to Section 409A of the Internal Revenue Code of 1986, as described in the attached document.

Benefits: You are eligible to participate in Vroom's comprehensive benefits package starting on the first day of the month, concurrent with or immediately following your start date, currently anticipated to be February 1, 2019 based on your projected start date. For details on eligibility and our full benefits offering, please review our benefits handouts, which will be provided on your first day of employment.

Time Off: You will be eligible to participate in Vroom's comprehensive Paid Time Off Policy ("PTO Policy"); including holidays, twenty (20) days of PTO annually, and five (5) days of sick leave annually. This time off is prorated based on your start date. Please review Vroom's PTO Policy for complete details.

Separation: This letter does not constitute an offer of employment for any definite period of time. Your employment is "at-will," and either you or Vroom may terminate the employment relationship at anytime and for any reason with or without prior notice. Nothing in Vroom's offer to you, including but not limited to provisions regarding compensation or benefits, nor anything contained in the Employee Handbook, alters the at-will nature of your employment.

Notwithstanding the "at-will" nature of the relationship, if (1) you are terminated for any reason other than For Cause* or (2) you resign for Good Reason (where Good Reason is a material reduction in your salary, position, duties, or responsibilities, or a relocation of your workplace that requires an increase in your commute of 35 miles or greater), you shall be entitled to receive a lump sum payment equal to the greater of (i) six (6) months of your then current base salary and benefits continuation; or (ii) the separation pay amount otherwise payable to Company employees based on the then in-force policy at the time of termination. Likewise, you agree to provide 30 days' written notice to the company of the resignation of your employment. The Company reserves the right to terminate employment at an earlier time and to pay compensation in lieu continuing your employment during the notice period.

Next steps: As with all employees, our offer to you is contingent on the following:

- Vroom's receipt of a positive background screen report, which may address one or more of the following areas, as required by the position being offered: education verification, employment verification, criminal record, personal credit history, motor vehicle record. **Please complete the background check that will be sent to you via an e-mail from Trusted Employees**
- Your consent to submit to a drug and alcohol screen. Refusal to submit to the drug and alcohol screen, or positive test results for drugs and/or alcohol, will result in the conditional offer of employment being withdrawn.
- Receipt of satisfactory proof of your identity and legal authorization to work in the United States as required by the Immigration Reform and Control Act of 1986 on your first day of employment
- Your acknowledgement and agreement that your acceptance of this offer will not violate any agreements or arrangements with other individuals or entities, or duties to your current or former employers.
- Your execution of the Company's Proprietary Information and Inventions Assignment Agreement, which is attached as Vroom PIIA.

Your acknowledgement that you will comply with the policies set forth in Vroom's Employee Handbook, which you will receive shortly after you begin. This agreement is governed by the laws of the State of New York.

I hope you are ready to take the wheel and help drive Vroom's growth!

I look forward to your acceptance of this offer. If you have any questions, do not hesitate to call. To accept this offer, please complete, sign and scan all documents included with this offer package.

Sincerely,

* For Cause means Vroom's good faith determination that the employee has: 1) committed any act constituting financial dishonesty against Vroom or its Subsidiaries; (ii) engaged in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment which, as determined in good faith, would (A) adversely affect the business or prospective customers, suppliers, lenders and *I* or other third parties with whom such Vroom does or might do business; or (B) expose the Vroom or any of its subsidiaries to a risk of civil or criminal legal damages, liabilities, or penalties; (iii) engaged in or committed any misconduct, violation of the Vroom's written policies, including Vroom's Employee Handbook, or committed non-performance of duty in connection with the business affairs of the Vroom or its subsidiaries; or (iv) breached any agreement, including without limitation, this Agreement and any agreement relating to non-competition, non-solicitation or confidentiality.

/s/ C. Denise Stott | 4 FEB 2019

C. Denise Stott | Vroom
SVP, People & Culture

Date

Enclosures

I accept your offer of employment and agree to the provisions stated in this letter. I acknowledge that this letter constitutes the entire agreement between Vroom and me and supersedes all prior verbal or written agreements, arrangements or understandings pertaining to my offer of employment. I understand that I am employed at will and that my employment can be terminated at any time, with or without cause, at the option of either Vroom or me.

I UNDERSTAND THAT THIS AGREEMENT AFFECTS IMPORTANT RIGHTS. BY SIGNING BELOW, I CERTIFY THAT I HAVE READ IT CAREFULLY AND AM SATISFIED THAT I UNDERSTAND IT COMPLETELY.

/s/ Mark Roszkowski | 2/4/19

Mark Roszkowski

Date

EMPLOYEE INVENTIONS AND PROPRIETARY INFORMATION AGREEMENT

Employee Name: Mark Roszkowski Date of Agreement: February 24, 2019

This agreement (the "Agreement") between Vroom, Inc. a Delaware Corporation (the "Company" or "Vroom"), and employee as detailed below ("Employee" or "I") is effective the first day of Employee's employment with Vroom. This Agreement is material consideration for employment or continued employment by the Company. In exchange of valuable consideration, the parties agree:

1. **No Conflicts.** I have not and will not make, any agreement, that is in conflict with this Agreement or my employment with Vroom. I will not violate any agreement with, or the rights of, any third party. When acting within the scope of my employment (or otherwise on behalf of Vroom), I will not use or disclose my own or any third party's confidential information or intellectual property (collectively, "Restricted Materials"), except as expressly authorized by the Company in writing. I have not retained anything containing or reflecting any confidential information of a prior employer or other third party.

2. Inventions.

a. **Definitions.** "Company Interest" means any product, service, other Invention or Intellectual Property Rights (defined below) that is sold, leased, used, licensed, provided, proposed, under consideration or under development by Vroom. "Intellectual Property Rights" means any and all patent rights, copyright rights, trademark rights, mask work rights, trade secret rights, *sui generis* database rights and all other intellectual and industrial property rights of any sort throughout the world (including any application therefor). "Invention" means any idea, concept, discovery, invention, development, research, technology, work of authorship, trade secret, software, content, audio-visual material, tool, process, technique, know-how, data, plan, device, apparatus, specification, design, prototype, circuit, layout, mask work, algorithm, program, code, documentation or other material or information, tangible or intangible, and all versions, modifications, enhancements and derivative works thereof, whether or not it may be patented, copyrighted, trademarked or otherwise protected.

b. **Assignment.** To the fullest extent under applicable law, Vroom shall own, and I assign and agree to assign, all right, title and interest in and to all Inventions (including all Intellectual Property Rights therein or related thereto) that are collected, made, conceived, reduced to practice or set out in any tangible medium of expression, in whole or in part, by me during the my employment with Vroom, including the applicable statutory provision for my state of employment, if any, or that (i) arise out of any use of Vroom's facilities or assets or any research or other activity conducted by, for or under the direction of Vroom (whether or not conducted (A) at the Vroom's offices; (B) during working hours or (C) using Vroom's assets), or (ii) are useful with or relate directly or indirectly to any Company Interest. I will promptly disclose and provide all of the foregoing Inventions (the "Assigned Inventions") to Vroom. Assigned Inventions shall not include any Invention that meets all of the following requirements: (1) the Invention is developed entirely on my own time; (2) the Invention is developed entirely without use of Vroom's facilities, assets, ideas or direction and (3) the Invention is not related to any Company Interest.

c. **Assurances.** I make and agree to make all assignments to Vroom as necessary to effectuate and accomplish Vroom's ownership in and to all Assigned Inventions. I will assist Vroom, at its expense, to evidence, record and perfect assignments, and to perfect, obtain, maintain, enforce and defend any rights specified to be so owned or assigned. I irrevocably designate and appoint Vroom and its officers as my agents and attorneys-in-fact, coupled with an interest, to act for and on my behalf to execute and file documents and to perform lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by me.

d. **Other Inventions.** If (i) I use or disclose any Restricted Materials when acting within the scope of my employment (or otherwise on behalf of Vroom) or (ii) any Assigned Invention cannot be fully made, used, reproduced, sold, distributed, modified, commercialized or otherwise exploited (collectively, "Exploited") without using, misappropriating, infringing or violating any Restricted Materials, I grant and agree to grant Vroom a perpetual, irrevocable, worldwide, full paid-up, royalty-free, non-exclusive, transferable, sublicensable right and license to use, disclose, fully Exploit and exercise all rights in such Restricted Materials and all Intellectual Property Rights therein or related thereto. I will not use or disclose any Restricted Materials for which I am not fully authorized to grant the foregoing license.

e. **Moral Rights.** To the extent allowed by applicable law, the terms of this Section 2 include all rights of paternity, integrity, disclosure, withdrawal and any other rights that may be known or referred to as moral rights, artist's rights, droit moral or the like (collectively, "Moral Rights"). To the extent I retain any such Moral Rights under applicable law, I hereby ratify and consent to any action that may be taken with respect to such Moral Rights by or authorized by Vroom, and agree not to assert any Moral Rights with respect thereto. I will confirm any such ratification, consent or agreement from time to time as requested by Vroom. I agree that notwithstanding any rights of publicity, privacy (whether or not statutory) Vroom may and is authorized to use my name, likeness and voice in connection with promotion of its business, products and services, and to allow others to do the same unless I expressly request otherwise in the execution of this Agreement.

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(2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

b. **Upon Termination.** Upon termination of my employment (for any or no reason), I will promptly identify and destroy, delete or return to Vroom all items containing or embodying Proprietary Information (including all original or copies of content, whether in electronic or hard-copy form), except that I may keep my personal copies of (i) my personnel records; (ii) materials distributed to shareholders generally and (iii) this Agreement.

c. **Monitoring and Search.** I agree that I have no expectation of privacy with respect to the Vroom's networks, telecommunications systems or information processing systems (including, without limitation, stored computer files, email messages and voicemail messages or other devices (including personal devices)) in which Company Proprietary Information resides, is stored or is passed through ("Company Systems"), and in order to ensure compliance with work rules and safety concerns, Vroom or its agents may monitor, at any time and without further notice to me, any Company Systems and any of my activity, files or messages on or using any Company Systems, regardless of whether such activity occurs on equipment owned by me or Vroom. I agree that any property situated on Vroom's premises and owned, leased or otherwise possessed by Vroom, including computers, computer files, email, voicemail, storage media, filing cabinets or other work areas, is subject to inspection by Vroom personnel at any time with or without notice. I agree that (A) any such searches or monitoring efforts are not formal accusations of wrongdoing but rather part of the procedure of an investigation and (B) refusal to consent to a search may be grounds for discipline.

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b. Acknowledgments.

i. I agree that (A) Vroom's business is highly competitive; (B) secrecy of the Proprietary Information is of the utmost importance, and I will learn and use Proprietary Information in the course of performing my work and (C) my position may require me to establish goodwill with Business Partners and employees on behalf of Vroom and such goodwill is important to the Vroom's success, and Vroom has made substantial investments to develop its business interests and goodwill.

ii. I agree that the limitations as to time, geographical area and scope of activity to be restrained in this Section 4 are coextensive with Vroom's footprint and my performance of responsibilities for Vroom and are therefore reasonable and not greater than necessary to protect the goodwill or other business interests of Vroom. I agree that Vroom's need for protection afforded by this Section 4 is greater than any hardship I may experience by complying with its terms.

iii. I acknowledge that my violation or attempted violation of the agreements in this Section 4 will cause irreparable damage to Vroom or its Affiliates, and I agree that Vroom will be entitled to an injunction out of any court of competent jurisdiction, restraining any violation or further violation of such agreements by me or others acting on my behalf. Vroom's right to injunctive relief shall be cumulative and in addition to any other remedies provided by law or equity.

iv. Although the parties believe that the limitations as to time, geographical area and scope of activity contained herein are reasonable and do not impose a greater restraint than necessary to protect the goodwill or other business interests of Vroom, if it is judicially determined otherwise, the limitations shall be reformed to the extent necessary to make them reasonable and not to impose a restraint that is greater than necessary to protect the goodwill or other business interests of Vroom.

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c. **As an Employee.** During my employment, I will not directly or indirectly: (i) Cause any person to leave their employment with Vroom (other than terminating subordinate employees in the course of my duties, truthfully participating in an internal investigation, or providing performance feedback in the normal course of business); (ii) Solicit any Business Partner; (iii) act in any capacity in or with respect to any commercial activity which competes, or is reasonably

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likely to compete, with any business that Vroom conducts, proposes to conduct or demonstrably anticipates conducting, at any time during my employment with Vroom or (iv) enter into in an employment, consulting or other similar relationship with another person or entity that requires a significant time commitment without the prior written consent of Vroom.

d. **After Termination.** For the period of twelve (12) months immediately following my termination of employment with Vroom, I will not directly or indirectly: (i) Cause or attempt to cause any person to leave their employment with Vroom; (ii) Solicit any Business Partner or (iii) engage in any Competitive Activities (A) anywhere Vroom offers its services or has customers during my employment with Vroom or where my use or disclosure of Proprietary Information could materially disadvantage Vroom regardless of my physical location; or (B) anywhere Vroom offers its services or has customers and where I have responsibility for Vroom or (C) anywhere within a fifty (50) mile radius of any physical location I work for Vroom. The foregoing timeframes shall be increased by the period of time beginning from the commencement of any violation of the foregoing provisions until such time as I have cured such violation.

5. **Employment at Will.** This Agreement is not an employment contract for any particular term. I may resign and Vroom may terminate my employment at will, at any time, for any or no reason, with or without cause. This Agreement does not purport to set forth all of the terms and conditions of my employment, and as an employee of Vroom, I have obligations to Vroom which are not described in this Agreement. However, the terms of this Agreement govern over any such terms that are inconsistent with this Agreement, and supersede the terms of any similar form that I may have previously signed. This Agreement can only be changed by a subsequent written agreement signed by Vroom's CEO, or an authorized designee.

6. **Survival.** Any change or changes in my employment title, duties, compensation, or equity interest after the signing of this Agreement does not affect the validity or scope of this Agreement. Sections 2, 3, 4, 6 and 7 of this Agreement continue in effect after termination of my employment and Vroom is entitled to communicate my obligations under this Agreement to any of my potential or future employers. I will provide a copy of this Agreement to any potential or future employers of mine, so that they are aware of my obligations. Sections 2, 3, 4, 6 and 7, and any obligations I have under such sections, also shall be binding upon my heirs, executors, assigns and administrators, and shall inure to the benefit of Vroom, its Affiliates, successors and assigns. This Agreement may be freely assigned by Vroom.

7. **Miscellaneous.** Any dispute in the meaning, effect or validity of this Agreement shall be resolved in accordance with the laws of the State of New York without regard to the conflict of laws provisions thereof. Any legal action or proceeding relating to this Agreement shall be brought exclusively in the state or federal courts located in New York County, New York, and each party consents to the jurisdiction thereof. The failure of either party to enforce its rights under this Agreement will not act as a waiver of such rights. Unless expressly provided otherwise, each right and remedy in this Agreement is in addition to any other right or remedy, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy. If one or more provisions of this Agreement is held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect enforceable. I agree that any breach or threatened break of my Agreement will cause irreparable harm to Vroom and damages would an adequate remedy. Therefore, Vroom is entitled to injunctive relief with thereto (without posting an bond) in addition to any other remedies.

I READ THIS AGREEMENT AND I UNDERSTAND AND ACCEPT OBLIGATIONS THAT IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATION HAVE BEEN TO ME TO INDUCE ME TO SIGN THIS AGREEMENT VOLUNTARILY, WITH THE UNDERSTANDING THAT I EITHER (1) HAVE RETAINED A COPY OF THIS AGREEMENT OR (2) MAY REQUEST A COPY OF THIS AGREE FROM VROOM AT ANY TIME.

VROOM

Signature:	/s/ Denise Stott
Name:	Denise Stott
Title:	VP, People & Culture
Dated:	February 4, 2019

EMPLOYEE

Signature:	/s/ Mark Roszkowski
Name:	Mark Roszkowski
Address:	[***]
	[***]
Dated:	February 4, 2019

Initialed: MR

Exhibit 21.1

Subsidiaries of Vroom, Inc.

Legal Name of Subsidiary	Jurisdiction of Organization
AAGP, LLC d/b/a Vroom	Texas
Left Gate Property Holding, LLC d/b/a Texas Direct Auto and Vroom	Texas
Nations Drive, LLC	Texas

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on Form S-1 of Vroom, Inc. of our report dated March 12, 2020, except with respect to the matters that raise substantial doubt about the Company's ability to continue as a going concern discussed in Note 2 under Liquidity and Management's Plan, as to which the date is May 12, 2020, relating to the financial statements of Vroom, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
New York, New York
June 1, 2020