

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) **May 25, 2017**

**SMART & FINAL STORES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36626**  
(Commission  
File Number)

**80-0862253**  
(IRS Employer  
Identification No.)

**600 Citadel Drive, Commerce, CA**  
(Address of principal executive offices)

**90040**  
(Zip Code)

Registrant's telephone number, including area code **(323) 869-7500**

**N/A**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

---

---

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Compensatory Arrangement with Chief Executive Officer*

On May 25, 2017 (the "Grant Date"), the compensation committee of the board of directors (the "Committee") of Smart & Final Stores, Inc. (the "Company") made special performance-linked discretionary compensation awards to David G. Hirz, the Company's President and Chief Executive Officer. The awards recognize Mr. Hirz's important contributions as Chief Executive Officer and are intended to provide a strong incentive for his continued retention in a competitive market for executives in the grocery industry. Additionally, the performance goals are intended to align Mr. Hirz's equity compensation to the achievement of the Company's long-

term strategic goals. Mr. Hirz (i) received a one-time cash bonus equal to \$876,650 and (ii) 133,334 shares of restricted stock granted pursuant to the Smart & Final Stores, Inc. Amended and Restated 2014 Stock Incentive Plan.

Vesting of the shares of restricted stock is subject to satisfaction of both time-based and performance-based vesting criteria as established by the Committee (the "Performance Goals") and set forth in the related award agreement. The shares of restricted stock vest upon the later of (i) the date on which the Performance Goals are achieved and (ii) the first and second anniversaries of the Grant Date (with respect to 50% of the award on each such date), subject to Mr. Hirz's continued employment with the Company on all such dates. If the Performance Goals are not achieved by the expiration of the Performance Period (as defined in the award agreement), the shares of restricted stock will be forfeited.

The foregoing description of the award agreement is only a summary, does not purport to be complete and is qualified in its entirety by reference to the award agreement, which is attached as Exhibit 10.1 to this Current Report on Form 8-K and by this reference incorporated herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Restricted Stock Agreement Pursuant to the Smart & Final Stores, Inc. Amended and Restated 2014 Stock Incentive Plan, dated as of May 25, 2017, by and between Smart & Final Stores, Inc. and David G. Hirz.

2

**SIGNATURES**

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

SMART & FINAL STORES, INC.

Date: May 26, 2017

By: /s/ Leland P. Smith  
Name: Leland P. Smith  
Title: Senior Vice President and General Counsel

3

**Exhibit Index**

<u>Exhibit Number</u>	<u>Description</u>
10.1	Restricted Stock Agreement Pursuant to the Smart & Final Stores, Inc. Amended and Restated 2014 Stock Incentive Plan, dated as of May 25, 2017, by and between Smart & Final Stores, Inc. and David G. Hirz.

4

**Exhibit 10.1**

Award Number: [·]

**SMART & FINAL STORES, INC.**

**Restricted Stock Agreement  
Pursuant to the  
Smart & Final Stores, Inc.  
Amended & Restated 2014 Stock Incentive Plan**

AGREEMENT (this "**Agreement**"), dated as of May 25, 2017, between Smart & Final Stores, Inc., a Delaware corporation (the "**Company**" and, collectively with its controlled Affiliates, the "**Employer**"), and David G. Hirz (the "**Participant**").

**Preliminary Statement**

Subject to the terms and conditions set forth herein, the Committee hereby grants shares of Common Stock as set forth below (the “**Shares**”) to the Participant, as an Eligible Employee, Consultant or Non-Employee Director, on May 25, 2017 (the “**Grant Date**”) pursuant to the Smart & Final Stores, Inc. Amended & Restated 2014 Stock Incentive Plan, as it may be amended from time to time (the “**Plan**”). Pursuant to Section 2 hereof, the Shares are subject to certain restrictions, which restrictions shall lapse at the times and upon achievement of the performance conditions specified in Section 2(c) hereof. While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as “**Restricted Stock**.” Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

**NOW, THEREFORE**, the parties agree as follows:

1. **Grant of Shares.** Subject to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted 133,334 Shares.

2. **Restricted Stock.**

(a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method. The stock certificates shall be registered in the Participant’s name and shall bear any legend required by the Plan. Unless held in book entry form, such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions on the Restricted Stock shall have lapsed. Upon the Company’s request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Restricted Stock. If the Participant receives, with respect to the Restricted Stock or any part thereof, any (i) dividend (whether paid in shares, securities, moneys or property), (ii) shares of Restricted Stock pursuant to any split, (iii) distribution or return of capital resulting from a split-up, reclassification or other like changes of the Restricted Stock or (iv) warrants, options or any other rights or properties (collectively “**RS Property**”), the

1

---

Participant will also immediately deposit with and deliver to the Company any of such RS Property, including, upon the Company’s request, any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank. The RS Property shall be subject to the same restrictions, including that of this Section 2(a), as the Restricted Stock with respect to which it is issued and shall be encompassed within the term “Restricted Stock.” Unless otherwise determined by the Committee, any RS Property issued in the form of cash will not be reinvested in Common Stock and will be held until delivered to the Participant on the date the Restricted Stock becomes vested.

(b) **Rights with Respect to Restricted Stock.** The Participant will have all rights of a stockholder with respect to the Restricted Stock, including the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Common Stock of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock, and such dividends will be subject to the restrictions provided in Section 2(a)), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; (iii) no RS Property shall bear interest or be segregated in separate accounts during the Restriction Period; and (iv) the Participant may not sell, assign, transfer, pledge, exchange, encumber, hypothecate or otherwise dispose of the Restricted Stock during the Restriction Period.

(c) **Vesting.**

(i) The Restricted Stock shall vest and cease to be “Restricted Stock” as follows:

A. 66,667 Shares on the later of (i) the first anniversary of the Grant Date and (ii) the date that the Committee certifies that the Company has achieved the EBITDA Growth Target (as defined below) as of the end of any fiscal quarter during the First Performance Period (as defined below), provided, in each case, that the Participant has not incurred a Termination prior to such date. The “**First Performance Period**” means the period beginning on the first day of the Company’s second quarter of fiscal year 2017 and ending on the last day of the Company’s first quarter of fiscal year 2020, provided that the Committee may only certify that the EBITDA Growth Target has been achieved following the end of the Company’s first quarter of fiscal year 2018 or any later fiscal quarter during such period.

B. 66,667 Shares on the later of (i) the second anniversary of the Grant Date and (ii) the date that the Committee certifies that the Company has achieved the EBITDA Growth Target as of the end of any fiscal quarter during the Second Performance Period (as defined below),

provided, in each case, that the Participant has not incurred a Termination prior to such date. The “**Second Performance Period**” means the period beginning on the first day of the Company’s second quarter of fiscal year 2018 and ending on the last day of the Company’s first quarter of fiscal year 2020, provided that the Committee may only certify that the EBITDA Growth Target has been achieved following the end of the Company’s first quarter of fiscal year 2019 or any later fiscal quarter during such period.

(ii) “**EBITDA Growth Target**”, as of any date of determination, means the Adjusted EBITDA targets, as set forth on Schedule A, for the four fiscal quarters of the Company immediately preceding such determination date.

(iii) “**Adjusted EBITDA**” means earnings before interest, income taxes, depreciation and amortization expense as presented in the Company’s external financial reporting, but the Committee shall make appropriate adjustments (solely to the extent consistent with the exemption under Section 162(m) for compensation intended to constitute performance-based compensation that is payable to a covered employee) relating to the following items: the expense or income effect of unusual items relating to strategic transaction costs, severance costs, discontinued operations, store closure costs and closed store costs, store pre-opening costs, non-cash rent expense or income, share-based compensation expense, unusual legal charges, charges related to debt extinguishment and refinancing, charges related to capital restructurings, asset impairment charges, gain or loss on asset sales, expenses associated with business optimization programs, changes in applicable law, rules, regulations or accounting principles, or charges for litigation, claims, judgments or settlements.

(iv) In all cases the Committee shall certify whether the Company has achieved the EBITDA Growth Target as soon as administratively feasible following the end of the quarter in which the EBITDA Growth Target is achieved but in no event more than 70 days following the end of such quarter. If the Committee does not certify achievement of the EBITDA Growth Target, all Restricted Stock still subject to restriction shall be forfeited 70 days following the end of the Second Performance Period.

**(d) Detrimental Activity.**

(i) In consideration for the grant of Restricted Stock and in addition to any other remedies available to the Company, the Participant acknowledges and agrees that the Restricted Stock is subject to the provisions in the Plan regarding Detrimental Activity. If the Participant engages in any Detrimental Activity prior to, or during the one-year period after, any vesting of Restricted Stock, all unvested Restricted Stock shall be forfeited, without compensation, and the Committee shall be entitled to recover from the Participant (at any time within one year after such engagement in Detrimental

Activity) an amount equal to the Fair Market Value as of the vesting date(s) of any Restricted Stock that had vested in the period referred to above.

(ii) The restrictions regarding Detrimental Activity are necessary for the protection of the business and goodwill of the Company and are considered by the Participant to be reasonable for such purposes. Without intending to limit the legal or equitable remedies available in the Plan and in this Agreement, the Participant acknowledges that engaging in Detrimental Activity will cause the Company material irreparable injury for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such activity or threat thereof, the Company shall be entitled, in addition to the remedies provided under the Plan, to obtain from any court of competent jurisdiction a temporary restraining order or a preliminary or permanent injunction restraining the Participant from engaging in Detrimental Activity or such other relief as may be required to specifically enforce any of the covenants in the Plan and this Agreement without the necessity of posting a bond, and in the case of a temporary restraining order or a preliminary injunction, without having to prove special damages.

**(e) Withholding.** Unless otherwise directed or permitted by the Committee, the Participant must pay or provide for all applicable withholding taxes in respect of the Restricted Stock by (i) remitting the aggregate amount of such taxes to the Company in full, by cash, check, bank draft or money order payable to the order of the Company, or (ii) to the extent permitted by the Committee, by making arrangements with the Company to have such taxes withheld from other compensation due to the Participant.

**(f) Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within 30 days after the Grant Date to include in gross income for federal income tax purposes in the year of issuance the fair market value of all or a portion of such Restricted Stock, the Participant shall be solely responsible for any foreign, federal, state, provincial or local taxes the

Participant incurs in connection with such election. The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if the Participant elects to utilize such election.

3. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legend:

(a) "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Smart & Final Stores, Inc. (the "**Company**") Amended & Restated 2014 Stock Incentive Plan (as amended from time to time, the "**Plan**"), and an Award Agreement entered into between the registered owner and the Company. Copies of such Plan and Agreement are on file at the principal office of the Company."

4

---

Notwithstanding the foregoing, in no event shall the Company be obligated to issue a certificate representing the Restricted Stock prior to the vesting dates set forth above.

4. **Termination.**

(a) **Termination by Death or Disability.** If the Participant's Termination is by reason of death or Disability during the Restriction Period, all Restricted Stock still subject to restriction shall immediately vest and cease to be "Restricted Stock."

(b) **Termination for Any Reason Other than Death or Disability.** If the Participant's Termination is for any reason other than the Participant's death or Disability during the Restriction Period, all Restricted Stock still subject to restriction shall be forfeited. The Participant hereby waives any right to accelerated vesting of the Restricted Stock upon any Termination provided in the Amended and Restated Employment Agreement between the Participant and the Company, dated July 20, 2016 (the "**Employment Agreement**"), including upon an involuntary termination without Cause, the Participant's resignation for Good Reason or Retirement by the Participant (each as defined in the Employment Agreement).

5. **Change in Control.** The provisions in the Plan regarding Change in Control shall apply to the Shares.

6. **Restriction on Transfer of Shares.** The provisions in the Plan regarding Transfer Restrictions shall apply to the Shares.

7. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that this Agreement conflicts or is inconsistent with the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

8. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 8, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Smart & Final Stores, Inc.  
600 Citadel Drive  
Commerce, California 90040  
Attention: General Counsel  
Telephone: (323) 869-7500  
Facsimile: (323) 869-7862

5

---

with a copy (which shall not constitute notice) to:

Proskauer Rose LLP  
2049 Century Park East, Suite 3200  
Los Angeles, CA 90067  
Attention: Michael A. Woronoff  
Telephone: (310) 284-4550  
Facsimile: (310) 557-2193

(b) if to the Participant, to the address on file with the Employer.

Any notice, demand or request, if made in accordance with this Section 8 shall be deemed to have been duly given: (i) when delivered in person; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

9. **No Right to Employment/Consultancy/Directorship.** This Agreement shall not give the Participant or other Person any right to employment, consultancy or directorship by the Employer, or limit in any way the right of the Employer to terminate the Participant's employment, consultancy or directorship at any time.

10. **Waiver of Jury Trial.** EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THE PLAN OR THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THE PLAN OR THIS AGREEMENT.

11. **Dispute Resolution.** All controversies and claims arising out of or relating to this Agreement, or the breach hereof, shall be settled by the Employer's mandatory dispute resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to Participant's employment with the Employer.

12. **Severability of Provisions.** If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

13. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction,

performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws.

14. **Section 162(m).** All payments under this Agreement are intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m). This award shall be construed and administered in a manner consistent with such intent.

15. **Section 409A.** Although the Company makes no guarantee with respect to the tax treatment of the Restricted Stock, the award of Restricted Stock pursuant to this Agreement is intended to be exempt from Section 409A and shall be limited, construed and interpreted in accordance with such intent. With respect to any dividends and other RS Property, however, this Agreement is intended to comply with, or to be exempt from, the applicable requirements of Section 409A and shall be limited, construed and interpreted in accordance with such intent; provided that the Employer does not guarantee to the Participant any particular tax treatment of the Restricted Stock or RS Property. In no event whatsoever shall the Employer be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.

16. **Interpretation.** Unless a clear contrary intention appears: (a) the defined terms herein shall apply equally to both the singular and plural forms of such terms; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by the Plan or this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) any pronoun shall include the corresponding masculine, feminine and neuter forms; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any law, rule or regulation means such law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law, rule or regulation means that provision of such law, rule or regulation from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof; (g) numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is used in the inclusive sense of "and/or"; (j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and (k) reference to dollars or \$ shall be deemed to refer to U.S. dollars.

17. **No Strict Construction.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

---

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

**SMART & FINAL STORES, INC.**

By: /s/ Leland P. Smith

Name: Leland P. Smith

Title: Senior Vice President and General Counsel

**PARTICIPANT**

By: /s/ David G. Hirz

Name: David G. Hirz

Participant Address:

---

**Schedule A**

**EBITDA Growth Target**

---

Document Format Files

<b>Seq</b>	<b>Description</b>	<b>Document</b>	<b>Type</b>	<b>Size</b>
1	8-K	<a href="#">a17-14289_18k.htm</a>	8-K	28497
2	EX-10.1	<a href="#">a17-14289_1ex10d1.htm</a>	EX-10.1	56096
	Complete submission text file	<a href="#">0001104659-17-035710.txt</a>		85968