

JACK IN THE BOX INC /NEW/  
Form DEF 14A  
January 25, 2017  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**JACK IN THE BOX INC.**

*(Name of Registrant as Specified in Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

Payment of filing fee (check the appropriate box):

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11**

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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January 25, 2017

Dear Fellow Stockholder:

We invite you to attend the Jack in the Box Inc. 2017 Annual Meeting of Stockholders. The meeting will be held on Tuesday, February 28, 2017, at 8:30 a.m. Pacific Standard Time at the offices of Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123. In the following pages, you will find the Notice of Annual Meeting of Stockholders as well as a Proxy Statement describing the business to be conducted at the meeting. We have also enclosed a copy of our Annual Report on Form 10-K for the fiscal year ended October 2, 2016, for your information.

To assure that your shares are represented at the meeting, please mark your choices on the enclosed proxy card, sign and date the card, and return it promptly in the postage-paid envelope provided. We also offer stockholders the opportunity to vote their shares over the Internet or by telephone. Please see the Proxy Statement and the enclosed proxy card for details about voting. If you hold your shares through an account with a broker, bank, or other financial institution, please follow the instructions you receive from them to vote your shares. If you are able to attend the meeting and wish to vote your shares in person, you may do so at any time before the proxy is voted at the meeting.

Sincerely,

**Leonard A. Comma**

*Chairman of the Board and Chief Executive Officer*

**Important notice regarding the availability of proxy materials**

**for the Annual Meeting of Stockholders to be held on February 28, 2017**

The Jack in the Box Inc. Proxy Statement and Annual Report on Form 10-K for the  
fiscal year ended October 2, 2016, are available electronically at

<http://investors.jackinthebox.com>

**INFORMATION REGARDING ADMISSION TO THE ANNUAL MEETING**

Everyone attending the 2017 Annual Meeting of Stockholders will be required to present both proof of ownership of Jack in the Box Inc. Common Stock and a valid picture identification, such as a driver's license or passport. If your shares are held in the name of a bank, broker or other financial institution, you will need a recent brokerage statement or letter from such entity reflecting your stock ownership as of the record date. If you do not have both proof of ownership of Jack in the Box Inc. stock and a valid picture identification, you may be denied admission to the Annual

Meeting.

Cameras, sound or video recording devices, and large bags or packages will not be allowed in the meeting room.

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**JACK IN THE BOX INC.**

**9330 Balboa Avenue**

**San Diego, California 92123**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held February 28, 2017**

The 2017 Annual Meeting of Stockholders of Jack in the Box Inc. will be held on Tuesday, February 28, 2017, at 8:30 a.m. Pacific Standard Time, at the offices of Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123 for the following purposes:

1. To elect the eight Directors specified in this Proxy Statement to serve until the next Annual Meeting of Stockholders and until their respective successors are elected and qualified;
2. To ratify the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending October 1, 2017;
3. To provide an advisory vote regarding the compensation of our named executive officers ( Say on Pay ) for the fiscal year ended October 2, 2016, as set forth in the Proxy Statement;
4. To re-approve the Jack in the Box Inc. 2004 Stock Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code;
5. To provide an advisory vote on the frequency of the vote on executive compensation ( Say on Pay vote ); and
6. To consider such other business as may properly come before the meeting and any adjournments or postponements thereof.

These matters are more fully described in the attached Proxy Statement, which is made a part of this notice.

Our Board of Directors recommends a vote **FOR** proposals 1 through 4, and for **ONE YEAR** frequency on proposal 5. You are entitled to vote at the 2017 Annual Meeting of Stockholders (the Annual Meeting ) only if you were a Jack in the Box Inc. stockholder as of the close of business on December 30, 2016, the record date for the Annual Meeting. A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose relating to the Annual Meeting, at the Annual Meeting, and for a period of ten days prior to the Annual Meeting, during regular business hours at our principal offices located at 9330 Balboa Avenue,

San Diego, CA 92123.

Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares via the toll-free telephone number, over the Internet, or by signing, dating, and returning the enclosed proxy card as promptly as possible in the envelope provided.

**San Diego, California**

**January 25, 2017**

By order of the Board of Directors,

**Phillip H. Rudolph**

*Executive Vice President, Chief Legal & Risk Officer and Corporate Secretary*

#### INFORMATION REGARDING ADMISSION TO THE ANNUAL MEETING

Everyone attending the 2017 Annual Meeting of Stockholders will be required to present both proof of ownership of Jack in the Box Inc. Common Stock and a valid picture identification, such as a driver's license or passport. If your shares are held in the name of a bank, broker or other financial institution, you will need a recent brokerage statement or letter from such entity reflecting your stock ownership as of the record date. If you do not have both proof of ownership of Jack in the Box Inc. stock and a valid picture identification, you may be denied admission to the Annual Meeting.

Cameras, sound or video recording devices, and large bags or packages will not be allowed in the meeting room.



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**PROXY SUMMARY**

**PROXY SUMMARY**

*This is a summary only, and does not contain all of the information that you should consider in connection with this proxy statement. Please read the entire proxy statement carefully before voting.*

**Annual Meeting of Stockholders**

Time and Date	8:30 a.m. P.S.T., February 28, 2017
Place	9330 Balboa Avenue, San Diego, California 92123
Record date	December 30, 2016
Voting	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals.
Admission	Proof of ownership and picture identification is required to enter Jack in the Box Inc. s annual meeting.

**Voting Matters**

Stockholders are being asked to vote on the following matters:

Items of Business	Our Board s Recommendation
1. Election of Directors (page 14)	<b>FOR all Nominees</b>
2. Ratification of KPMG LLP as Independent Registered Public Accountants for FY 2017 (page 31)	<b>FOR</b>
3. Advisory Vote to Approve Executive Compensation (page 32)	<b>FOR</b>
4. Re-approval of Stock Incentive Plan for Purposes of IRC Section 162(m) (page 34)	<b>FOR</b>
5. Advisory Vote on Frequency of Say on Pay Vote (page 43)	<b>ONE YEAR</b>

Stockholders also will transact any other business that may properly come before the meeting.

**How to Vote**

You are entitled to vote at the 2017 Annual Meeting of Stockholders if you were a stockholder of record at the close of business on December 30, 2016, the record date for the meeting. On the record date, there were 31,630,525 shares of the Company s common stock outstanding and entitled to vote at the annual meeting. For more details on voting and the annual meeting logistics, refer to pages 8-13 of this proxy statement.

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**PROXY SUMMARY**

**Corporate Governance Highlights**

We are committed to good corporate governance, which we believe promotes the long-term interests of stockholders and strengthens Board and management accountability. We believe good governance also fosters trust in the Company by all our stakeholders, including our guests, employees, franchisees and the communities we serve. The Corporate Governance section, beginning on page 20, describes our governance framework, which includes the following features:

- Annual election of directors, with majority voting  
7 of 8 independent directors
- Regular executive sessions of independent directors  
Board annual evaluation of CEO/Chairman
- Policy restricting directors to service on no more than three other public company boards, and requiring long-tenured directors (more than 12 years on the Board) to submit voluntary offer to resign and be reviewed by Nominating & Governance Committee with respect to continued effectiveness
- No supermajority standards – stockholders may amend bylaws or charter by majority vote
- Stockholder right to act by written consent
- CEO/Chair and other members of Management regularly meet with the investment community, and Board is informed of feedback through Investor Relations update at each Board meeting
- Annual assessment of board leadership structure  
Annual board, committee and individual director evaluations
- Lead independent director with restaurant and franchise experience and oversight of independent directors – executive sessions and information flow to the Board
- Risk oversight by full Board and designated committees
- Prohibition of hedging, pledging and short sales by Section 16 officers and directors
- No poison pill in place
- Formal ethics Code of Conduct, ethics hotline and ethics training and communications to all employees to reinforce a culture of integrity

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**PROXY SUMMARY**

**Fiscal 2016 Performance**

**Returns to Stockholders**

The Company's **stock price** increased 20.4% to \$95.94 per share at fiscal year-end ( FYE ) 2016, versus \$79.71 at FYE 2015.

We returned more than \$330 million in **cash to stockholders** during fiscal 2016, including over \$290 million in share buybacks and over \$40 million in dividends. The stock also hit a then all-time high of \$102.68 during the fiscal year.

**Financial Highlights**

**Operating Earnings Per Share** ( Operating EPS<sup>(1)</sup> ) increased to \$3.86 per share for fiscal 2016 (versus \$3.00 for fiscal 2015), representing an increase of more than 25%, excluding the \$0.09 benefit from the 53<sup>rd</sup> week in fiscal 2016. This was the Company's fifth consecutive year of growth in excess of 20%.

**Systemwide same-store sales** grew 1.4% at Qdoba (on top of a 9.3% increase the prior year) and 1.2% at Jack in the Box ( JIB ) (on top of the 6.5% increase in fiscal 2015).

**Consolidated restaurant operating margin** ( ROM ) was 20.2% of sales, with margins at JIB increasing by 50 basis points to 21.2%.

During fiscal 2016, the Company made progress on **key strategic initiatives**, including reducing our G&A, increasing our borrowing capacity and beginning to implement plans to bring the JIB franchise mix to over 90% of the system.

*(1) Operating EPS refers to diluted EPS from continuing operations on a GAAP basis excluding restructuring charges and gains/losses from refranchising. For a reconciliation, please see the Company's current report on Form 8-K and accompanying press release filed November 21, 2016.*

**Consolidated franchise margin**, as a percentage of franchise revenues, improved 140 basis points to 52.9%.

*Consistent with the fundamental principle that compensation programs should align pay with performance, the Company's fiscal 2016 performance directly impacted compensation decisions and pay outcomes as described in our Compensation Discussion and Analysis (CD&A) starting on page 44.*

Table of Contents**PROXY SUMMARY****Board Nominees (Proposal 1)**

We understand the importance of having a Board comprised of talented people with the highest integrity and the necessary skills and qualifications to oversee our business. The following table provides summary information about our director nominees (all current Directors), who have a diverse and balanced skill set including extensive financial, marketing, consumer brand, franchise, restaurant and retail experience. We encourage you to review the qualifications, skills and experience of each of our Directors on pages 15-19.

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships					Other Public
					AC	CC	NG	FC	EC	Boards
Leonard A. Comma (Chairman of the Board)	47	2014	CEO, Jack in the Box Inc.	No						-
David L. Goebel (Lead Director)	66	2008	Partner & Faculty Member, Merryck & Co. Ltd.	Yes		x	x		x	-
Sharon P. John	52	2014	President & CEO, Build-A-Bear Workshop, Inc. Director	Yes		x	x			Build-a-Bear Workshop, Inc. Northrop
Madeleine A. Kleiner	65	2011	(Retired hotel & banking executive attorney)	Yes		x				Grumman Corp.
Michael W. Murphy	59	2002	President & CEO, Sharp HealthCare	Yes			x		x	-

James M. Myers	59	2010	Chairman & CEO, Petco	Yes	x	x	-
David M. Tehle	60	2004	Director (Retired retail CFO)	Yes	x		Genesco Inc., US Foods Holding Corp.
John T. Wyatt	61	2010	CEO, Knowledge Universe United States	Yes		x	-

**Chair**  
x **Member**

**AC Audit Committee**  
**CC Compensation Committee**  
**NG Nominating and Governance Committee**  
**FC Finance Committee**  
**EC Executive Committee**

**Director Attendance** During the time each director nominee served on the Board in fiscal 2016, each attended more than 75% of the meetings of the Board and committees on which he or she sits.

**Board Composition** Our Board has a mix of relatively newer and longer-tenured directors. The charts below show board makeup by various characteristics. For more information on our philosophy regarding the recruitment and diversity of board members and our board refreshment policies, please see pages 23-25.

Table of Contents**PROXY SUMMARY****Auditors (Proposal 2)**

We are asking our stockholders to ratify the selection of KPMG LLP as our independent registered public accountants for fiscal 2017. Although stockholder ratification of the appointment is not required, the Audit Committee believes it is appropriate to seek such ratification. Additional information is provided on pages 29-31.

**2016 Auditor Fees**

Audit Fees	\$1,003,001
Tax or Other Fees	\$ 8,750
KPMG Total Fees	<b>\$1,011,751</b>

**Executive Compensation Highlights (Proposal 3)**

The Company seeks a non-binding advisory vote from its stockholders to approve the compensation of our named executive officers ( NEOs ) for fiscal 2016 ( Say on Pay ). The Board values stockholders' opinions, and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.

**Our CD&A** describes the compensation decision-making process, details our programs and policies, and includes a chart showing our **compensation framework and key fiscal 2016 performance measures and pay actions** on page 45.

Our executive **compensation programs** are built on the following principles and objectives:

**Competitive target pay structure**, including base salary, annual incentive, and long-term incentives that enable us to attract and retain talented, experienced executives who can drive long-term stockholder value.

**Pay for performance alignment**, with a higher percentage of executive pay in the form of annual and long-term incentives that directly tie payouts to the achievement of incentive goals.



**Comprehensive goal setting**, with financial, operating, and strategic performance metrics that drive long-term stockholder value.

**Incentivizing balanced short- and long-term executive decision making**, through variable compensation components using varying timeframes.

**Executive alignment with stockholders**, through stock ownership and holding requirements.

**Sound governance practices and principles in plan design and pay decisions**, with the Committee considering both what and how performance is achieved.

**Management of compensation risk**, by establishing incentive goals that avoid placing too much emphasis on any one metric or performance time horizon, thereby discouraging excessive or unwise risk-taking.

Our stockholders approved each of the prior three years' Say on Pay proposals by over 97% of votes cast.

**Table of Contents****PROXY SUMMARY****Compensation Governance Practices**

The company has several governance practices which we believe support the soundness and efficacy of our compensation programs. In short:

**What We Do**

Compensation Committee composed entirely of independent directors, who meet regularly in executive session without management present. *Pages 22, 51.*

Independent compensation consultant who works exclusively for the Committee (no other work for the Company). *Page 51.*

Robust stock ownership and holding requirements. *Page 56.*

Compensation Risk Committee that analyzes compensation plans, programs, policies and practices. *Page 61.*

Compensation Committee discretion to reduce payouts under incentive plans. *Page 61.*

Clawback policy providing ability to recover incentive cash compensation and performance-based equity awards based on financial results that were subsequently restated due to fraud or intentional misconduct. *Page 58.*

**Re-approval of 2004 Stock Incentive Plan for Purposes of IRC 162(m) (Proposal 4)**

The Company seeks stockholder re-approval of the Jack in the Box Inc. Stock Incentive Plan ( 2004 Stock Incentive Plan ). Re-approval will allow compensation awarded under the Plan to qualify as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code ( IRC ). Stockholders are not being asked to approve an increase in the number of shares available for grant under the 2004 Stock Incentive Plan or any other amendment to the terms of the plan. See pages 34-42 for a summary of the Plan, and Exhibit A for the complete Plan.

**Frequency of Say on Pay Vote (Proposal 5)**

The Company is required to provide stockholders with the opportunity to vote, on a non-binding, advisory basis, for their preference as to the frequency of future advisory votes on the compensation of our named executive officers

(NEOs) ( Say on Pay votes). Stockholders may indicate whether they would prefer that we conduct future Say on Pay votes every one, two or three years, or abstain from casting a vote on this proposal. The Board recommends a **one year** vote as the preferred frequency.

### **Additional Information**

Please see the **Questions and Answers** section that immediately follows for important information about the proxy materials, voting, the annual meeting, Company documents, communications and the deadlines to submit stockholder proposals for the 2018 Annual Meeting of Stockholders.

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**QUESTIONS AND ANSWERS**

**JACK IN THE BOX INC.**

**9330 Balboa Avenue**

**San Diego, California 92123**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**February 28, 2017**

**QUESTIONS AND ANSWERS**

**Proxy Materials and Voting Information**

**1. Why am I receiving these materials?**

We sent you these proxy materials because the Board of Directors (sometimes referred to as the Board ) of Jack in the Box Inc. (sometimes referred to as the Company, Jack in the Box, we, us, or our ) is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders (the Annual Meeting ) and at any postponements or adjournments of the Annual Meeting. The Annual Meeting will be held on February 28, 2017, at 8:30 a.m. Pacific Standard Time at our corporate headquarters located at 9330 Balboa Avenue, San Diego, CA 92123. If you held shares of our common stock on December 30, 2016 (the Record Date ), you are invited to attend the Annual Meeting and vote on the proposals

described below under the heading What are my voting choices for each of the items to be voted on at the 2017 Annual Meeting? However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may complete, sign, date, and return the enclosed proxy card. You may also vote over the Internet or by telephone.

The Notice of Annual Meeting of Stockholders (the Notice ), Proxy Statement, the enclosed proxy card, and our Annual Report on Form 10-K for the fiscal year ended October 2, 2016, will be mailed to stockholders on or about January 25, 2017.

**2. Who can vote at the Annual Meeting?**

If you were a holder of Jack in the Box common stock (the Common Stock ) either as a *stockholder of record* or as the *beneficial owner of shares held in Street name* as of the close of business on December 30, 2016, the Record Date for the Annual Meeting, you may vote your shares at the Annual Meeting. As of the Record Date, there were 31,630,525

shares of Common Stock outstanding, excluding treasury shares. Company treasury shares will not be voted. Each stockholder has one vote for each share of Common Stock held as of the Record Date. As summarized below, there are some distinctions between shares held of record and those owned beneficially in Street name.

### **3. What does it mean to be a stockholder of record ?**

If, on the Record Date, your shares were registered directly in your name with the Company's transfer agent, Computershare, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual

Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card, or vote by telephone or Internet, to ensure your vote is counted.

### **4. What does it mean to beneficially own shares in Street name ?**

If, on the Record Date, your shares were held in an account at a broker, bank, or other financial institution (we will refer to those organizations collectively as broker ), then you are the

beneficial owner of shares held in Street name and these proxy materials are being forwarded to you by that broker. The broker holding your account is considered the stockholder of

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**QUESTIONS AND ANSWERS**

record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to direct your broker on how to vote the shares in your account. As a beneficial owner, you are invited to attend the Annual Meeting. However, since you are not a stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker giving you the legal right to vote the shares at the Annual Meeting, as well as satisfy the Annual Meeting admission criteria set out in

the Notice. Under the rules that govern brokers, your broker is not permitted to vote on your behalf on any matter to be considered at the Annual Meeting (other than the ratification of the appointment of KPMG LLP as our independent registered public accountants for fiscal 2017) unless you provide specific instructions to the broker as to how to vote. As a result, we encourage you to communicate your voting decisions to your broker before the date of the Annual Meeting to ensure that your vote will be counted.

**5. What are my voting choices for each of the items to be voted on at the 2017 Annual Meeting?**

Item 1: Election of Directors

Vote in favor of all nominees;

Vote in favor of specific nominees;

Vote against all nominees;

Vote against specific nominees;

Abstain from voting with respect to nominees; or

Abstain from voting with respect to specific nominees.

The Board recommends a vote **FOR** all Director nominees.

Item 2: Ratification of the Appointment of  
KPMG LLP as Independent Registered  
Public Accountants

Vote in favor of ratification;

Vote against the ratification; or

Abstain from voting on the ratification.

The Board recommends a vote **FOR** the ratification.

Item 3: Advisory Vote to Approve  
Executive Compensation ( Say on Pay )

Vote in favor of the advisory proposal;

Vote against the advisory proposal; or

Abstain from voting on the advisory proposal.

The Board recommends a vote **FOR** the advisory approval of executive  
compensation.

Item 4: Re-approval of Stock Incentive Plan  
for Purposes of IRC Section 162(m)

Vote to approve the Plan;

Vote against approval of the Plan; or

Abstain from voting on the Plan.

The Board recommends a vote **FOR** approving the Plan.

Item 5: Advisory Vote on Frequency of Say  
on Pay Vote

Vote for annual votes on compensation;

Vote for every two year votes on compensation;

Vote for every three year votes on compensation; or

Abstain from voting on the advisory proposal.

The Board recommends a vote for the option **ONE YEAR** as the preferred frequency for advisory votes on compensation.



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**QUESTIONS AND ANSWERS**

**6. What if I return the proxy card to the Company but do not make specific choices?**

If you return a signed, dated, proxy card to the Company without making any voting selections, the Company will vote your shares as follows:

**FOR** the election of all director nominees;

**FOR** the ratification of the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending October 1, 2017;

**FOR**, on an advisory basis, approval of the compensation awarded to our named executive officers for the fiscal year ended October 2, 2016, as set forth in this Proxy Statement;

**FOR** re-approval of the Stock Incentive Plan for purposes of 162(m); and

**FOR**, on an advisory basis, a **ONE YEAR** vote on Say on Pay.

**7. Could any additional matters be raised at the 2017 Annual Meeting?**

We are not aware of any other matters to come before the Annual Meeting. If any matter not mentioned herein is properly brought before the Annual Meeting, the persons named in the

enclosed proxy will have discretionary authority to vote all proxies with respect thereto and in accordance with their best judgment.

**8. What does it mean if I received more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different

accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

## 9. How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count FOR, AGAINST, abstentions and broker non-votes (and in the case of the Say on Pay Frequency vote, 1-YEAR, 2-YEAR, and 3-YEAR votes and abstentions). A broker non-vote occurs when your broker submits a proxy card for your shares of Common Stock held in Street name, but does not vote on a particular proposal because the broker has not received voting instructions from you and does not have the authority to vote on that matter without instructions. Under the rules that govern brokers who are voting shares held in Street name, brokers have the discretion to vote those shares on routine matters but not on non-routine matters.

For purposes of these rules, the only routine matter in this Proxy Statement is the ratification of the appointment of our independent registered public accountants. Therefore, if you hold your shares in Street name and do not provide voting instructions to your broker, your broker does not have discretion to vote your shares on any of the proposals at the Annual Meeting except the ratification of the appointment of independent registered public accountants. However, your shares will be considered present at the Annual Meeting for purposes of determining the existence of a quorum, as provided below.

### Proposal

Number	Item	Votes Required for Approval	Abstentions	Uninstructed Shares
1	Election of 8 Directors	Majority of votes cast.	No effect.	No effect.
2	Ratification of the Appointment of KPMG LLP as Independent Registered Public Accountants	Majority of the voting power of the shares present in person or by proxy and entitled to vote.	Count as votes against.	Discretionary voting by broker permitted.
3	Advisory Vote to Approve Executive Compensation	Majority of the voting power of the shares present in person or by proxy and entitled to vote.	Count as votes against.	No effect.

4	Advisory Vote on Frequency of Say on Pay Vote	The choice of frequency that receives the highest number of votes will be considered the advisory vote of the stockholders.	No effect.	No effect.
5	Re-approval of Stock Incentive Plan for Purposes of IRC Section 162(m)	Majority of the voting power of the shares present in person or by proxy and entitled to vote.	Count as votes against.	No effect.

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**QUESTIONS AND ANSWERS**

**10. How many shares must be present or represented to conduct business at the Annual Meeting?**

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if the holders of at least a majority of the total number of shares of Common Stock entitled to vote are present, in person or by proxy, at the Annual Meeting. Abstentions and shares represented by

broker non-votes are counted for the purpose of determining whether a quorum is present. If there are insufficient votes to constitute a quorum at the time of the Annual Meeting, we may adjourn the Annual Meeting to solicit additional proxies.

**11. How do I vote my shares of Jack in the Box Common Stock?**

*If you are a stockholder of record, you can vote in the following ways:*

**By Internet:** by following the Internet voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on February 27, 2017.

**By Telephone:** by following the telephone voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on February 27, 2017.

**By Mail:** if you have received a printed copy of the proxy materials from us by mail, you may vote by mail by marking, dating, and signing your proxy card in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials. The proxy card must be received prior to the Annual Meeting.

**In Person:** if you satisfy the admission requirements to the Annual Meeting, as described in the Notice, you may vote your shares in person at the meeting. Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

*If you are a beneficial owner, you can vote in the following way:*

If your shares are held in Street name or through a benefit or compensation plan, your broker or your plan trustee should give you instructions for voting your shares. In these cases, you may vote by Internet, telephone or mail, as instructed by your broker, trustee, or other agent. Shares beneficially held through a benefit or compensation plan cannot be voted in person at the Annual Meeting. You may vote your shares beneficially held through your broker in person if you satisfy the admission requirements to the Annual Meeting, as described in the Notice, and you obtain a valid proxy from your broker giving you the legal right to vote the shares at the Annual Meeting.

## **12. May I change my vote or revoke my proxy?**

*Yes.*

*If you are a stockholder of record, you may change your vote or revoke your proxy by:*

filing a written statement to that effect with our Corporate Secretary before the taking of the vote at the Annual Meeting;

voting again via the Internet or telephone but before the closing of those voting facilities at 11:59 p.m. Eastern Time on February 27, 2017;

attending the Annual Meeting, revoking your proxy and voting in person (attendance at the Annual Meeting, in and of itself, will not constitute a revocation of a proxy); or

timely submitting a properly signed proxy card with a later date that is received at or prior to the Annual Meeting. The written statement or subsequent proxy should be delivered to Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123, Attention: Corporate Secretary, or hand delivered to the Corporate Secretary before the taking of the vote at the Annual Meeting.

*If you are a beneficial owner and hold shares through a broker, bank, or other financial institution, you may submit new voting instructions by contacting your broker, bank, or other nominee. You may also change your vote or revoke your voting instructions in person at the Annual Meeting if you obtain a signed proxy from the broker, bank, or other nominee giving you the right to vote the shares.*

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**QUESTIONS AND ANSWERS**

**13. Who will pay for the cost of soliciting proxies?**

The Company will pay the cost of preparing, printing, and mailing the Notice and the proxy materials. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries, and custodians holding shares of Common Stock beneficially owned by others, to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation materials to the beneficial owners. If you choose to access proxy materials or vote over the Internet or by telephone, you are responsible for Internet or

telephone charges. We have engaged Innisfree M&A Incorporated ( Innisfree ), a proxy-solicitation firm, to provide advice to the Company with respect to the 2017 Annual Meeting of Stockholders and to assist us in the solicitation of proxies, for which the Company will pay a fee of \$15,000 plus reimbursement of certain out-of-pocket expenses. In addition to solicitation by mail, proxies may be solicited personally, by telephone, or by Innisfree. They may also be solicited by directors, officers, or employees of the Company, who will receive no additional compensation for such activities.

**14. How can I find out the results of the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. We will publish final results in a Current Report on Form 8-K that we expect to file with the Securities and Exchange Commission ( SEC ) within four business days of the Annual Meeting. After the Form 8-K is filed, you may obtain a copy by visiting the SEC 's website at [www.sec.gov](http://www.sec.gov),

visiting our website or contacting our Investor Relations Department by writing to Investor Relations Department, Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123, or by sending an email to <http://investors.jackinthebox.com>.

**15. How can I obtain copies of the proxy statement or 10-K?**

A copy of this Proxy Statement and the Company's Annual Report on Form 10-K ( Form 10-K ) for the fiscal year ended October 2, 2016, are available free of charge on our website. These filings and all of our filings that are made electronically with the SEC, including Forms 10-K, 10-Q and 8-K may be found at <http://investors.jackinthebox.com>. Form 10-K, excluding exhibits, may also be obtained by stockholders without charge by written request sent to Investor Relations Department, Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123.

As permitted by SEC rules, if your stock is held by a brokerage firm or bank, a single copy of this proxy statement may be delivered to an address shared by two or more stockholders. If you prefer to receive separate copies of a Proxy Statement and/or Annual Report either now or in the future, please contact your brokerage or bank. The voting instruction sent to a Street-name stockholder should provide information on how to request (i) householding of future Company materials or (ii) separate materials if only one set of documents is being sent to a household.

## Annual Meeting Information

### 16. How do I attend the 2017 Annual Meeting of Stockholders in person?

**IMPORTANT NOTE: If you plan to attend the Annual Meeting, you must follow these instructions to gain admission.**

**All attendees will need to present proof of ownership of Jack in the Box Inc. Common Stock and a valid picture identification**, such as a driver's license or passport. If you do not have both proof of ownership of Jack in the Box Inc. stock and a valid picture identification, you may be denied admission to the Annual Meeting.

**Beneficial owners:** If you are a beneficial owner, you will need to bring the notice or voting instruction form you received from your bank, broker or other nominee to be admitted to the meeting. You also may bring your bank or brokerage account statement reflecting your ownership of Common Stock as of December 30, 2016.

Attendance at the meeting is limited to stockholders as of the Record Date (December 30, 2016) or their authorized named representatives. Cameras, sound or video recording devices, and large bags or packages will not be allowed in the meeting room.

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**QUESTIONS AND ANSWERS**

**Communications and Stockholder Proposals**

**17. How can I communicate with the Company's Directors?**

The Board is committed to continuing to engage with stockholders and encourages an open dialogue about compensation, governance and other matters. We value your input, your investment and your support. The Board has established a process to facilitate communication by stockholders with Directors.

Stockholders or others who wish to communicate any concern of any nature to the Board of Directors, any Committee of the Board, or any individual director or group of directors, may write to a director or directors in care of the Office of the Corporate Secretary, Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123, or telephone 888-613-5225. Your letter should indicate whether or not you are a stockholder of the Company.

Comments or questions regarding our accounting, internal controls or auditing matters will be referred to members of our

Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Nominating and Governance Committee. For all other matters, our Corporate Secretary will, depending on the subject matter:

forward the communication to the director or directors to whom it is addressed;

forward the communication to the appropriate management personnel;

attempt to handle the inquiry directly, for example where it is a request for information about our Company, or it is a stock-related matter; or

not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

**18. How do I submit a proposal for action at the 2018 Annual Meeting?**



**A proposal for action to be presented by any stockholder at the 2018 Annual Meeting of Stockholders will be acted upon only:**

If a proposal is to be included in the proxy statement, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, the proposal is received by the Corporate Secretary no later than 120 calendar days prior to the anniversary of this year's mailing date, so no later than 5:00 p.m. Pacific Time, on **September 27, 2017**.

If the proposal is not to be included in the proxy statement, the proposal is delivered to the Corporate Secretary not less than 120 days and not more than 150 days prior to the first anniversary of the date of the previous year's Annual Meeting, or not later than October 31, 2017, and not earlier than October 1, 2017; in addition such proposal is, under

Delaware General Corporation Law, an appropriate subject for stockholder action; and must also comply with the procedures and requirements set forth in as well as the applicable requirements of our Bylaws.

In addition, the stockholder proponent, or a representative who is qualified under state law, must appear in person at the 2018 Annual Meeting of Stockholders to present such proposal.

All proposals must be in writing and should be sent to Jack in the Box Inc., to the attention of Phillip H. Rudolph, Corporate Secretary, at 9330 Balboa Avenue, San Diego, CA 92123.

A copy of the Bylaws may be obtained by written request to the Corporate Secretary at the same address. The Bylaws are also available at <http://investors.jackinthebox.com>.

**Table of Contents****PROPOSAL ONE ELECTION OF DIRECTORS****PROPOSAL ONE ELECTION OF DIRECTORS**

All of the directors of the Company are elected annually and serve until the next Annual Meeting and until their respective successors are elected and qualified. The current nominees for election as directors (each of whom is currently serving as a Director of the Company) are set forth below. All of the nominees have indicated their willingness to serve, and have consented to be named in the Proxy Statement. If any should be unable or unwilling to stand for election, the shares represented by proxies may be voted for a substitute designated by the Board, unless a contrary instruction is indicated in the proxy.

**Nominees for Director**

The following table provides certain information about each nominee for director as of January 1, 2017.

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>	<b>Director Since</b>
Leonard A. Comma	47	Chairman of the Board & Chief Executive Officer	2014
David L. Goebel	66	Independent Director	2008
Sharon P. John	52	Independent Director	2014
Madeleine A. Kleiner	65	Independent Director	2011
Michael W. Murphy	59	Independent Director	2002
James M. Myers	59	Independent Director	2010
David M. Tehle	60	Independent Director	2004
John T. Wyatt	61	Independent Director	2010

**Vote Required for Approval**

In the election of directors, you may vote FOR, AGAINST, or ABSTAIN. The Company's Bylaws require that, in an election such as this, where the number of director nominees does not exceed the number of directors to be elected, each director will be elected by the vote of the majority of the votes cast (in person or by proxy) with respect to the director. A majority of votes cast means that the number of shares cast FOR a director's election exceeds the number of votes cast AGAINST that director. For purposes of determining the votes cast, only those votes cast FOR or AGAINST are included. Neither a vote to ABSTAIN nor a broker non-vote will count as a vote cast FOR or AGAINST a director nominee and, as a result, will have no direct effect on the outcome of the election of directors. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present.

In an uncontested election, a nominee who does not receive a majority of the votes cast will not be elected. An incumbent director who is not elected because he or she does not receive a majority of the votes cast will continue to serve, but shall tender his or her resignation to the Board. The Nominating and Governance Committee will take

action to determine whether to accept or reject the director's resignation, or whether other action is appropriate, and will make a recommendation to the Board. Within ninety (90) days following the date of the certification of the election results, the Board will act on the Committee's recommendation and publicly disclose its decision and the rationale for such decision.

**ON PROPOSAL ONE, ELECTION OF DIRECTORS, THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.**

**Table of Contents****PROPOSAL ONE ELECTION OF DIRECTORS****Director Qualifications and Biographical Information**

Our Board includes individuals with expertise in executive leadership and management, accounting and finance, marketing and branding, and across restaurant, franchise, hospitality, retail, manufacturing, and healthcare industries. Our Directors have a diversity of backgrounds and experiences. We believe that, as a group, they work effectively together in overseeing our business, hold themselves to the highest standards of integrity, and are committed to representing the long-term best interests of our stockholders.

Biographical information for each of the Director nominees, including the key qualifications, experience, attributes, and skills that led our Board to the conclusion that each of the Director nominees should serve as a director, is set forth on the pages below. In addition to the business and professional experiences described below, our Director nominees also serve on the boards of various civic and charitable organizations.

**Director Nominees*****Leonard A. Comma*****Director Since January 2014**

Mr. Comma was appointed a Director, Chairman of the Board and Chief Executive Officer, effective January 1, 2014, and since that date has served as a member of the Executive Committee. From May 2012 until October 2014, Mr. Comma served as President, and from November 2010 to January 1, 2014, as Chief Operating Officer of Jack in the Box Inc. Mr. Comma joined the Company in 2001 as Director of Convenience Store & Fuel Operations for the Company's proprietary chain of Quick Stuff convenience stores, which included more than 60 locations at the time it was sold in 2009. In 2004, he was promoted to Division Vice President of Quick Stuff Operations, and in 2006 he was promoted to Regional Vice President of Quick Stuff and the Company's Southern California region, which included more than 150 Jack in the Box restaurants. In 2007, Mr. Comma was promoted to Vice President of Operations, Division II, and had oversight of nearly 1,200 company and franchised Jack in the Box restaurants in the Western U.S. Prior to joining Jack in the Box Inc., Mr. Comma worked for

**Qualifications:**

Mr. Comma has more than 25 years of experience at two major public companies with extensive retail and franchise operations, including for the past three years as Chairman and CEO of Jack in the Box Inc. In his prior executive-level role as President and Chief Operating Officer for Jack in the Box Inc., Mr. Comma was responsible for the operations of all Company and franchised Jack in the Box restaurants more than 2,200 locations as well as: Menu Innovation, including Menu Strategy, Operations Support, and Research & Development; Marketing Communications, including Merchandising; Consumer Intelligence & Analytics; and Internal Brand Communications. Mr. Comma also gained extensive experience in restaurant and retail operations and franchising in his previous roles with the Company as well as with ExxonMobil. His professional expertise and knowledge of our business, our competition and our competitive positioning, along with his deep understanding of

ExxonMobil Corporation since 1989, most recently as a Regional Manager with responsibility for supporting more than 300 franchisees in California, Nevada and Arizona.

our values and culture, bring an important Company perspective to the Board.

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**PROPOSAL ONE ELECTION OF DIRECTORS**

*David L. Goebel*

**Lead Director;**

**Director Since December 2008**

Mr. Goebel has been a director of the Company since December 2008, and currently serves as Lead Director. He is a partner and Faculty Member for Merryck & Co. Ltd., a worldwide firm that provides

peer to peer mentoring services for CEOs and senior business executives. He has held that position since May 2008. In 2008, Mr. Goebel became the founding principal and President of Santoku, Inc., a private company that operates sandwich shops under the name Goodcents® Deli Fresh Subs ( Goodcents ), catering and cafeteria operations under the name Y-Leave Cafe, catering services under the name Prime Catered Events, and a fast-casual pizza concept under the name Pie Five® Pizza Company. Mr. Goebel also served as acting President and CEO of Mr. Goodcents Franchise Systems, Inc., the franchisor of Goodcents, from 2010 until December 2014. Since September 2014, he has served on the board of directors of QuickChek, a privately held company in the gas/convenience food category. Mr. Goebel has more than 40 years of experience in the retail, food service, and hospitality industries. From 2001 until 2007, he served in various executive positions at Applebee's International, Inc., including as President and Chief Executive Officer in 2006-2007, during which time the company operated nearly 2,000 restaurants in the United States and internationally. Previous to that, Mr. Goebel was President of Summit Management, Inc., a consulting group specializing in executive development and strategic planning. Prior to that, Mr. Goebel was the Chief Operating Officer of Finest Foodservice, LLC, a Boston Chicken/Boston Market franchise that he founded and co-owned, which was responsible for developing 80 restaurants within a seven-state area from 1994 until 1998.

**Qualifications:**

Mr. Goebel's qualifications to serve on our Board include his business, operational, management, and leadership development experience in the retail, food service, and hospitality industries, and as an executive consultant, including experience in restaurant operations, restaurant and concept development, supply chain management, franchising, executive development, risk assessment, risk management, succession planning, executive compensation and strategic planning.

*Sharon P. John*

**Qualifications:**

**Director Since September 2014**

Ms. John has been a director of the Company since September 2014. Ms. John has been the Chief Executive Officer and a member of the Board of Directors of Build-A-Bear Workshop, Inc. since June 2013, and was additionally named President effective

Ms. John's qualifications to serve on our Board include her current role as CEO and director of a publicly traded global retail company and her broad merchandising, marketing, branding, sales and executive management experience, including key roles at well-known consumer brands.

March 2016. From January 2010 through May 2013, Ms. John served as President of Stride Rite Children's Group LLC, a division of Wolverine Worldwide, Inc., a global designer, manufacturer and marketer of footwear and apparel. From 2002 through 2009, she held positions of broadened portfolio and increased responsibility at Hasbro, Inc., a multinational toy and board game company, including as General Manager & Senior Vice President of its U.S. Toy Division from 2006 to 2008 and General Manager & Senior Vice President of its Global Preschool unit from June 2008 through 2009. Ms. John also founded and served as Chief Executive Officer of Checkerboard Toys; served as Vice President, U.S. Toy Division with VTech Industries, Inc.; and served in a range of roles at Mattel, Inc. She started her career in advertising.

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**PROPOSAL ONE ELECTION OF DIRECTORS**

***Madeleine A. Kleiner***

**Director Since September 2011**

Ms. Kleiner has been a director of the Company since September 2011 and is currently Chair of the Nominating and Governance Committee. From 2001 to 2008, Ms. Kleiner was Executive Vice President,

General Counsel and Corporate Secretary for Hilton Hotels Corporation, a hotel and resort company. At Hilton, Ms. Kleiner oversaw the company's legal affairs and the ethics, privacy and government affairs functions. She was also a member of the executive committee with significant responsibility for board of directors matters. From 1999 through 2001, Ms. Kleiner served as a director of a number of Merrill Lynch mutual funds operating under the Hotchkiss and Wiley name. From 1995 to 1998, Ms. Kleiner served as Senior Executive Vice President, Chief Administrative Officer and General Counsel of H. F. Ahmanson & Company and its subsidiary, Home Savings of America, where she was responsible for oversight of legal, human resources, legislative and government affairs and corporate communications. Previous to that, from 1977 to 1995, Ms. Kleiner was with the law firm of Gibson, Dunn & Crutcher, including as partner from 1983 to 1995, where she advised corporations and their boards primarily in the areas of mergers and acquisitions, corporate governance, securities transactions and compliance. Ms. Kleiner has served on the board of directors of Northrop Grumman Corporation since 2008, where she is a member of the audit committee.

**Qualifications:**

Ms. Kleiner's qualifications to serve on our Board include her experience as general counsel for two public companies, as outside counsel to numerous public companies and her past and current experience on public company boards. She brings to our Board experience as an executive for a major franchisor in the hospitality industry, as well as expertise in corporate governance, risk management, securities laws disclosure, securities transactions, mergers and acquisitions, Sarbanes-Oxley compliance, human resources and executive compensation, government relations and crisis management.

***Michael W. Murphy***

**Director Since September 2002**

Mr. Murphy has been a director of the Company since September 2002, and is currently Chair of

**Qualifications:**

Mr. Murphy's qualifications to serve on our Board include his business and management experience leading Sharp HealthCare, an integrated healthcare delivery system with multiple facilities and more



the Audit Committee. Since April 1996, Mr. Murphy has been President and Chief Executive Officer of Sharp HealthCare, a comprehensive healthcare delivery system in San Diego which has been recognized with the Malcolm Baldrige National Quality Award, the nation's highest Presidential honor for quality and organizational performance excellence. Prior to his appointment to President and Chief Executive Officer, Mr. Murphy served as Senior Vice President of Business Development and Legal Affairs for Sharp HealthCare. He began his career at Sharp in 1991 as Chief Financial Officer of Grossmont Hospital before moving to a system-wide role as Vice President of Financial Accounting and Reporting. Prior to this, Mr. Murphy provided certified public accounting services, including as a partner at Deloitte.

than 17,000 employees, his experience as a senior financial officer of Sharp HealthCare, and his experience as a Certified Public Accountant, and former partner at Deloitte. He also serves on the Board of Directors and executive committee of the California Chamber of Commerce. The Board benefits from Mr. Murphy's extensive experience in accounting, finance, financial reporting, auditing, governance, labor relations, human resources and compensation, marketing, risk assessment and risk management, strategic planning and quality initiatives.

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**PROPOSAL ONE ELECTION OF DIRECTORS**

***James M. Myers***

**Director Since December 2010**

Mr. Myers has been a director of the Company since December 2010. Mr. Myers has served as Chief Executive Officer of Petco, the national pet supplies retailer, since 2004, and as Petco Chairman since

July 2015. Petco has announced, effective February 1, 2017, Mr. Myers will step down as CEO and continue to serve as Chairman of the Board. Previously, Mr. Myers held the title of President from 2004 until July 2015. Previously, he served as Chief Financial Officer for Petco from 1998 to 2004. He began his career at Petco as Vice President and Controller in 1990. Previously, Mr. Myers was a Certified Public Accountant with KPMG LLP. Mr. Myers serves on the board of the Retail Industry Leaders Association, and previously served on the board of Provide Commerce, an e-commerce retailer and public company, from 2004 to 2006, when Provide Commerce was acquired. Mr. Myers served on the audit committee at Provide Commerce.

**Qualifications:**

Mr. Myers' qualifications to serve on our Board include more than 35 years of financial and retail operations experience, including 10 years as a CPA and public company auditor with KPMG LLP and 25 years with Petco, a national specialty retail chain with more than 1,470 stores in all 50 states, Puerto Rico and Mexico. Mr. Myers brings to the Board his prior experience of serving on a public company board and audit committee, as well as experience with marketing and consumer brands, human resources and compensation, mergers and acquisitions, capital markets, financial reporting, financial oversight, and the financial and strategic issues facing public and private companies.

***David M. Tehle***

**Director Since December 2004**

Mr. Tehle has been a director of the Company since December 2004, and is currently Chair of the Finance Committee. He served as Executive Vice President and Chief Financial Officer of Dollar General

Corporation, a publicly traded company, from June 2004 until his retirement in June 2015. Mr. Tehle served from 1997 to June 2004 as Executive Vice President and Chief Financial Officer of Hagggar Corporation, a manufacturing, marketing, and retail corporation. From 1996 to 1997, he was Vice President of Finance for a division of The Stanley Works, one

**Qualifications:**

Mr. Tehle's qualifications to serve on our Board include his lengthy experience in senior financial management at public companies in the retail and manufacturing industries, and his service on two other boards of public companies in the retail and food service sectors. As an active CFO through June 2015, he was responsible for the overall financial management of a large retail organization. Mr. Tehle has experience in the oversight of strategic planning, human resources and compensation, finance, accounting, information systems, investor relations, treasury and internal audit functions. He brings valuable

of the world's largest manufacturer of tools, and from 1993 to 1996, he was Vice President and Chief Financial Officer of Hat Brands, Inc. Since February 2016, Mr. Tehle has served on the board of directors of Genesco Inc., a specialty retailer, selling footwear, headwear, sports apparel and accessories, where he serves on the audit committee. Since July 2016, he has served on the board of US Foods Holding Corp., where he chairs the audit committee.

financial expertise and retail and management experience to the Board.

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**PROPOSAL ONE ELECTION OF DIRECTORS**

*John T. Wyatt*

**Qualifications:**

**Director Since May 2010**

Mr. Wyatt has been a director of the Company since May 2010, and is currently Chair of the Compensation Committee. Mr. Wyatt has served as the Chief Executive Officer of KinderCare

Mr. Wyatt's qualifications to serve on our Board include his experience in senior management for major consumer brands in large global retail companies, including strategy and business development, marketing and brand building, product development, supply chain, finance and capital markets, labor relations, human resources and compensation, organizational development and succession planning, and his prior public company board experience. He brings extensive experience in growing consumer brands to the Board.

Education, an early childhood education company, since February 2012. From 2008 through February 2012, Mr. Wyatt was president of the Old Navy division of Gap Inc. He joined Gap Inc. in 2006, and previously served as President of the company's GapBody division, and President of the company's Outlet division. From 2004 to 2006, Mr. Wyatt was President and Chief Executive Officer at Cutter & Buck Inc., a designer and marketer of upscale apparel, including serving on the publicly held company's board of directors. From 2002 to 2004, he served as President of Warnaco Intimate Apparel, a global designer and manufacturer, and from 1999 to 2002, he was Executive Vice President for Strategic Planning and eBusiness Strategies in the Saks family of companies. Additionally, Mr. Wyatt spent more than 20 years with VF Corporation, serving ultimately as President of Vanity Fair Intimates and Vanity Fair Intimates Coalition.

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**CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE**

We operate within a comprehensive corporate governance structure driving and expecting the highest standards of professional and personal conduct. Our Corporate Governance Principles and Practices, our ethics Code of Conduct, the charters for our Audit, Compensation, Finance, and Nominating and Governance Committees, and other corporate governance information, are available at <http://investors.jackinthebox.com>. These materials are also available in print to any stockholder upon written request to the Company's Corporate Secretary, Jack in the Box Inc., 9330 Balboa Avenue, San Diego, CA 92123. The information on our website is not a part of this Proxy Statement and is not incorporated into any of our filings made with the Securities and Exchange Commission.

**Directors Independence**

The Jack in the Box Inc. Director Independence Guidelines provide that a director is not independent if he or she is: (a) a director, executive officer, partner or owner of 5% or greater interest in a company that either purchases from or makes sales to our Company that total more than one percent of the consolidated gross revenues of such company for that fiscal year; (b) a director, executive officer, partner or owner of 5% or greater interest in a company from which our Company borrows an amount equal to or greater than one percent of the consolidated assets of either our Company or such other company; or (c) a trustee, director or executive officer of a charitable organization that has received in that fiscal year discretionary donations from our Company that total more than one percent of the organization's latest publicly available national annual charitable receipts.

The Board has analyzed the independence of each Director. It has determined that all but Mr. Comma are independent directors under the NASDAQ Listing Rules, as well as the additional Director Independence Guidelines adopted by the Board. As part of its analysis, the Board determined that none of these Directors have a material relationship with the Company. Mr. Comma is our current Chief Executive Officer and an employee, and therefore he is not considered independent as that term is defined by the relevant listing rules and governance guidelines.

**Board Meetings, Annual Meeting of Stockholders, and Attendance**

In fiscal 2016, each director attended more than 75% of the meetings of the Board and of the committees on which he or she served. The Board held five meetings in fiscal 2016.

All of the directors standing for election in 2017 attended the 2016 Annual Meeting, and we currently expect all of our directors standing for election to be present at the 2017 Annual Meeting.

## **Determination of Current Board Leadership Structure**

The Nominating and Governance Committee's Charter provides that the Committee will annually assess the leadership structure of the Board and recommend a structure to the Board for approval. In November 2016, the Board of Directors, with the counsel of the Nominating and Governance Committee, conducted this assessment, including assessing whether (i) the roles of Chief Executive Officer ( CEO ) and Chairman of the Board should continue to be combined, and (ii) the Board should continue to have an independent Lead Director. Based on the recommendation of the Nominating and Governance Committee, the Board believes that continuing with a combined Chairman/CEO is in the best interests of the Company and its stockholders.

The Board determined that having one individual serve in both roles provides for clear leadership, accountability, and alignment on corporate strategy. The Board believes that combining the roles of Chairman and CEO puts Mr. Comma in the best position to use his in-depth knowledge of our industry, our business and its challenges, and our stakeholders, including our stockholders, employees, franchisees and guests, to provide the Board with the information and leadership needed to set agendas and direction for the Company. The Board does not believe that having an independent Chairman would make the Board's risk oversight processes more effective. The Board noted that, during Mr. Comma's tenure as Chairman and CEO, and Mr. Goebel's service as Lead Director, the Board has received timely and relevant information regarding the Company's business.

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**CORPORATE GOVERNANCE**

In reaching its conclusion, the Board also considered the longstanding policies and practices at Jack in the Box Inc. for strong, independent oversight, including:

a Board with a high degree of independence, including only one non-independent member;

Board Committees (other than the Executive Committee) that are composed entirely of independent directors;

Board Committee Chairs who review and approve agendas before Committee meetings;

an annual evaluation of the performance of the Chairman and Chief Executive Officer by the Compensation Committee, which evaluation is then discussed with the independent directors of the Board in executive session; regular executive sessions held by the Board and key Board Committees, attended only by independent directors;

the ability of the independent directors to call meetings of the Board and recommend agenda topics to be considered by the Board;

a strong, independent Lead Director who has oversight responsibility for executive sessions and information flow to the Board.

Based on these factors, the Board has concluded that retaining the current Board leadership structure provides valuable stability and effective leadership.

**Lead Director**

The independent directors have appointed Mr. Goebel to serve as Lead Director. Our Corporate Governance Principles and Practices provide for the Lead Director to fulfill the following functions:

set agendas for the executive sessions of the Board;

serve on the Executive Committee;

preside at the executive sessions of the independent directors held following each scheduled board meeting;

act as a key communication channel between the Board and the CEO;  
lead the Board in determining the format and adequacy of information the directors receive;

provide the Chairman with input on agendas for Board meetings and the schedule of meetings in order to assure sufficient time for discussion of all agenda items;

call meetings of independent directors; and

if requested by major stockholders, ensure that he or she is available for consultation and direct communication. The Lead Director may perform other functions as the Board may direct.

### **The Board's Role in Succession Planning**

The Board expects Management to have an ongoing program for effective senior leadership development and succession. As reflected in our Corporate Governance Principles and Practices, the Board's practice is to have the CEO review annually with the full Board the abilities of the key senior managers and their likely successors. The Board also considers management succession issues when meeting in executive session at each Board meeting. Additionally, the

Board oversees ongoing plans for management development and retention, as well as executive succession, including CEO succession. At times, the Board will delegate to the Compensation Committee responsibility to review and advise on succession planning, in which case the Board expects the Committee to review such plans with Management and the Board and to make recommendations to the Board with respect thereto.

### **The Board's Role in Risk Oversight**



Management is responsible for the Company's day-to-day risk management. The Board's role is to provide oversight of the processes designed to identify, assess and monitor key risks and risk mitigation activities. The Board fulfills its risk oversight responsibilities through (i) quarterly reports from the Vice President of Internal Audit (VP, Internal Audit) to the Audit Committee relating to risk management and oversight;

(ii) annual enterprise risk management discussions by the full Board with the VP, Internal Audit and Company leadership; (iii) receiving reports directly from managers responsible for the management of particular business risks; and (iv) reports by each Committee Chair regarding the respective Committee's oversight of specific risk topics.

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### **CORPORATE GOVERNANCE**

The Board reviews cybersecurity risk with the Chief Information Officer at least annually and has delegated oversight of other specific risk areas to Committees of the Board. For example, the Audit Committee discusses with Management the Company's major financial risk exposures and the steps Management has taken to monitor and mitigate those risks. As another example, the Compensation Committee discusses with its independent consultant, Management and the Compensation Risk Committee the risks arising in connection

with the design of the Company's compensation programs and succession planning. The risk oversight responsibility of each Board Committee is described in its committee charter available at <http://investors.jackinthebox.com>.

A more detailed discussion of the Compensation Committee's oversight of compensation risk is found in the Section Risk Analysis of Compensation Programs contained later in this proxy.

### **Executive Sessions**

Our independent, non-employee Directors meet in executive session without Management present at each regularly scheduled meeting of the Board. Mr. Goebel is currently designated by the Board to act as the Lead Director for such executive sessions.

The Audit Committee also holds executive sessions at each regularly scheduled meeting, and the other Committees of the Board meet in executive session as they deem appropriate.

### **Committees of the Board**

The Board of Directors has five standing committees: Audit, Compensation, Nominating and Governance, Finance, and Executive. The Board considers new committee and chair assignments, and the designation of a Lead Director, effective each February. Effective February 2016, the Board of Directors approved the Board Committee assignments for the year and re-designated David Goebel as the Lead Director. The committee makeup is provided in the table on

page 5 of the Proxy Summary.

The authority and responsibility of each Committee is summarized below. A more detailed description of the functions of the Audit, Compensation, Nominating and Governance, and Finance Committees is included in each Committee charter available at <http://investors.jackinthebox.com>.

**Committee Member Independence.** The Board has determined that each member of the Audit, Compensation, Nominating and Governance, and Finance Committees is an independent director for purposes of the NASDAQ Listing Rules as well as under the additional Director Independence Guidelines adopted by the Board. In addition, the members of the Audit Committee are all independent as required under Rule 10A-3(b)(1)(ii) under the Securities Exchange Act of 1934, and the members of the Compensation Committee meet the definitions of (i) a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, (ii) an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended ( IRC ), and (iii) the requirements of Rule 10C-1 under the Securities Exchange Act of 1934.

**Audit Committee.** As more fully described in its charter, the Audit Committee assists the Board of Directors with overseeing:

the integrity of the Company's financial reports;

the Company's compliance with legal and regulatory requirements;

the independent registered public accountant's performance, qualifications and independence;

the performance of the Company's internal auditors; and

the Company's processes for identifying, evaluating, and addressing major financial, legal, regulatory compliance, and enterprise risks.

The Audit Committee has sole authority to select, evaluate, and, when appropriate, replace the Company's independent registered public accountants. The Audit Committee has appointed KPMG LLP ( KPMG ) as its independent registered public accountants for fiscal 2017 and is asking the stockholders to ratify this appointment in Proposal 2. In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider the selection to determine, in its discretion, whether to retain KPMG or to select a different registered public accountant. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year.

The Audit Committee meets at least each quarter with KPMG, Management and the Company's VP, Internal Audit, to review the Company's annual and interim consolidated financial results before the publication of quarterly earnings press releases and the filing of quarterly and annual reports with the

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**Table of Contents****CORPORATE GOVERNANCE**

Securities and Exchange Commission. The Audit Committee also meets at least each quarter in private sessions with KPMG, Management, and the VP, Internal Audit. The Audit Committee also oversees the Company's Business Ethics Program, which includes receiving a quarterly report from the Ethics Officer. The Board of Directors has determined that each member of the Audit Committee qualifies as an audit committee financial expert as defined by SEC rules.

Additional information regarding the Audit Committee is set forth in the Report of the Audit Committee on page 29.

The Audit Committee held four meetings in fiscal 2016.

**Compensation Committee.** As more fully described in its charter, the Compensation Committee assists the Board in discharging the Board's responsibilities relating to Director and executive officer compensation, and it oversees the performance evaluation of Management. The Compensation Committee reviews and approves the Company's compensation philosophy, and the compensation of executive officers, including short- and long-term goals, and metric and compensation components (e.g., cash, equity and other forms of compensation). The Compensation Committee discusses with Management and reports to the Board any significant risks associated with the design and administration of the Company's compensation programs and succession planning, and actions taken by Management to mitigate such risks. The Committee has approved the disclosures in the Company's Compensation Discussion and Analysis that begins on page 44 of this Proxy Statement. The Compensation Committee held six meetings in fiscal 2016.

**Executive Committee.** The Executive Committee is authorized to exercise all powers of the Board in the management of the business and affairs of the Company while the Board is not in session. The Executive Committee did not meet in fiscal 2016.

**Finance Committee.** As more fully described in its charter, the Finance Committee assists the Board in advising and consulting with Management concerning financial matters of importance to the Company. Topics considered by the Committee include the Company's capital structure, financing arrangements, stock repurchase programs, capital investment policies, investment performance oversight for the Company's

retirement plans, the budget process, and the financial implications of major acquisitions and divestitures. The Finance Committee discusses with Management and reports to the Board major risk exposures and the monitoring and mitigation activities undertaken by Management in connection with the matters overseen by the Committee, including proposed major transactions, capital structure, investment portfolio including employee benefit plan investments, financing arrangements, and share repurchase programs. The Finance Committee held five meetings in fiscal 2016.

**Nominating and Governance Committee.** As more fully described in its charter, the Nominating and Governance Committee duties include assessing the makeup and diversity of the Board, identifying and recommending qualified candidates to be nominated for election as directors at the Annual Meeting or to be appointed by the Board to fill an existing or newly created vacancy on the Board; recommending members of the Board to serve on each Board committee; and annually reviewing and recommending the leadership structure of the Board. The Nominating and Governance Committee discusses with Management and reports to the Board major risk exposures in connection with matters overseen by the Committee. Its activities include:

evaluating director candidates for nomination;

evaluating the appropriate Board size;

reviewing and recommending corporate governance guidelines to the Board;

providing oversight with respect to the annual evaluation of Board, Committee and individual director performance;

overseeing the Company's political and charitable contributions;

assisting the Board in its oversight of the Company's insider trading compliance program; and

recommending director education.

All nominees for election as directors currently serve on the Board of Directors and are known to the Nominating and Governance Committee in that capacity. The Nominating and Governance Committee held four meetings in fiscal 2016.

## **Board Composition and Refreshment**

***Policy Regarding Consideration of Director Candidates and Makeup and Diversity of the Board.*** The Nominating and Governance Committee has the responsibility to identify, screen, and recommend qualified candidates to the Board for nomination as directors. In evaluating director candidates, the Nominating and Governance Committee considers the qualifications listed in the Jack in the Box Inc. Corporate Governance Principles and Practices, which are available at <http://investors.jackinthebox.com>.

The following are some of the factors generally considered by the Nominating and Governance Committee in evaluating director candidates:

the appropriate size of the Board;

the perceived needs of the Company for particular skills, background, and business experience;



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### **CORPORATE GOVERNANCE**

the skills, background, reputation and experience of the nominees, including whether those qualities add to a diversity of experiences, backgrounds, individuals, viewpoints and perspectives on the Board;

leadership, character and integrity;

independence from Management and from potential conflicts of interest with the Company;

experience with accounting rules and practices;

experience with executive compensation;

applicable regulatory and listing requirements, including independence requirements and legal considerations;

interpersonal and communications skills and the benefits of a constructive working relationship among directors;  
and

the desire to balance the considerable benefits of continuity with the periodic injection of the fresh perspective provided by new members.

The Nominating and Governance Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders.

**Retirement Policy.** The Board has adopted a retirement policy under which directors may not stand for election or be appointed after age 73. The Board does not believe it should establish term limits which could disadvantage the Company by forcing out directors whose tenure and experience continue to add value to the workings of the Board.

**Board Tenure Review Policy.** Beginning in fiscal 2016, the Company adopted a tenure review policy pursuant to which any director who has served more than 12 years on the Board shall submit his or her voluntary offer to resign to the Committee. The Committee will undertake a thorough review of the director's continued effectiveness and appropriateness for service, and recommend to the full Board that it either accept or reject the offer of resignation; in the latter event, the long-tenured director may continue to serve on the Board and must re-submit his or her resignation offer every three years for subsequent review.

## **Stockholder Recommendations and Board Nominations**

In order to be evaluated pursuant to the Nominating and Governance Committee's established procedures, stockholder recommendations for candidates for the Board must be sent in writing to the following address at least 120 days prior to the first anniversary of the date of the previous year's Annual Meeting of Stockholders:

Nominating and Governance Committee of the Board of

Directors c/o Office of the Corporate Secretary

Jack in the Box Inc.

9330 Balboa Avenue

San Diego, CA 92123

Any recommendation submitted by a stockholder to the Nominating and Governance Committee must include the same information concerning the potential candidate and the recommending stockholder as would be required under Article III, Section 3.16 of the Jack in the Box Inc. Bylaws if the stockholder wished to nominate the candidate directly.

The Committee considers all candidates regardless of the source of the recommendation. In addition to stockholder recommendations, the Committee considers recommendations from current directors, Company personnel and others. The Company generally retains a search firm to assist it in identifying and screening candidates, and in conducting reference checks. The Committee applies the same standards in evaluating candidates submitted by stockholders as it does in evaluating candidates submitted by other sources.

A candidate nominated by a stockholder for election at an Annual Meeting of Stockholders will not be eligible for election unless the stockholder proposing the nominee has provided timely notice of the nomination in accordance with the deadlines (at least 120 days and no more than 150 days prior to the first anniversary of the date of the previous year's Annual Meeting of Stockholders) and other requirements set forth in the Company's Bylaws. Article III, Section 3.16 of the Company's Bylaws provides that, in order to be eligible for election as a director, a candidate must deliver to the Corporate Secretary statements indicating whether the candidate:

is a party to any voting commitment that has not been disclosed to the Company;

is a party to any voting commitment that could limit the nominee's ability to carry out a director's fiduciary duties;

is a party to any arrangements for compensation, reimbursement, or indemnification in connection with service as a director and has committed not to become a party to any such arrangement;

will comply with the Company's publicly disclosed policies and guidelines.

The foregoing is a summary of provisions of the Company's Bylaws, and is qualified by reference to the actual provisions of Article III, Section 3.16.



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**CORPORATE GOVERNANCE**

**Code of Conduct**

Jack in the Box Inc. is committed to establishing and maintaining an effective ethics and compliance program that is intended to increase the likelihood of preventing, detecting, and correcting ethical lapses and violations of law or Company policy. In 1998, the Company adopted a Code of Conduct (the "Code") which applies to all officers, and employees, as well as to our Board of Directors. The Company also provides our franchisees and significant vendors with our Code and with procedures for communicating any ethics or compliance concerns to the Company. The Code is revised from time to time, most recently with non-substantive updates in May 2014.

The Code is available on the Company's website at <http://investors.jackinthebox.com>. We will disclose amendments to, or waivers of our Code that are required to be disclosed under the securities rules, by posting such information on the Company's website, [www.jackintheboxinc.com](http://www.jackintheboxinc.com). Any waiver of our Code for directors or executive officers must be approved by the Board of Directors. The Company did not grant any such waivers in fiscal 2016 and does not anticipate granting any such waiver in fiscal 2017.

**Compensation Committee Interlocks and Insider Participation**

No member of our Compensation Committee is an officer, former officer, or employee of the Company. During fiscal 2016, no member of the Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. During fiscal 2016, no

interlocking relationship existed between any of our executive officers or Compensation Committee members, on the one hand, and the executive officers or Compensation Committee members of any other entity, on the other hand.

**Additional Corporate Governance Principles and Practices**

The Company has adopted Corporate Governance Principles and Practices (the "Principles and Practices") which contain general principles and practices regarding the functioning of the Board of Directors and the Board Committees. The Nominating and Governance Committee regularly reviews the Principles and Practices and

recommends revisions if and as appropriate. The full text of the Principles and Practices may be found at <http://investors.jackinthebox.com>. The Principles and Practices address many of the items discussed above, and also include the following items:

***Limitation on Other Board Service.*** Non-employee directors may not serve on the boards of more than three other public companies. Our corporate officers are generally limited to serving on no more than one outside public company board, taking into consideration the time commitment and potential business conflicts inherent in such service.

***Review of Director Skill Matrix.*** The Nominating and Governance Committee annually utilizes a skill matrix to assess the capabilities of the current directors and any needs for the board as a whole. The matrix itself is updated if and as necessary to assure that it remains relevant to the evolving needs of the Company and the Board.

***Board, Committee, and Individual Director Evaluations.*** The directors annually participate in a robust evaluation process focusing on an assessment of Board operations as a whole and the service of each director. Additionally, each of the Audit, Compensation, Finance, and

Nominating and Governance Committees conducts a separate evaluation of its own performance and the adequacy of its charter. The Nominating and Governance Committee coordinates the evaluation of individual directors and of the Board operations, and reviews and reports to the Board on the outcome of these self-evaluations. As part of the evaluation process most years, the Lead Director will meet individually with each director to generate and discuss any ideas for improving the effectiveness of the director and/or the Board.

***New Director Orientation and Continuing Education.*** The Board works with Management to schedule new-director orientation programs and continuing education programs for directors. Orientation is designed to familiarize new directors with the Company and the franchise restaurant industry as well as Company personnel, facilities, strategies and challenges, and corporate governance practices, including board ethics. Continuing education programs may include in-house and third-party presentations and programs.

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**DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES**

**DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES**

The Compensation Committee of the Board of Directors (the "Committee") is responsible for reviewing and recommending to the Board the form and amount of compensation for our non-employee directors. The following discussion of compensation and stock ownership guidelines applies only to our non-employee directors and does not apply to Mr. Comma. Mr. Comma is an employee of the Company. He is compensated as an executive officer and does not receive additional compensation for service as a director.

The Board believes that total compensation for directors should reflect the work required in both (i) their ongoing oversight and governance role and (ii) their continuous focus on driving long-term performance and stockholder value. The compensation program is designed to provide pay that is competitive with directors in the Company's peer group (which is described in the Compensation Discussion & Analysis ("CD&A") in this Proxy Statement). It consists of a combination of cash retainers and equity awards in the form of time-vested restricted stock units ("RSUs").

Competitive is defined as approximating the 50<sup>th</sup> percentile of pay of Peer Group directors.

**Director Compensation Program Review and Changes**

Director compensation is reviewed by an independent compensation consultant every two to three years. Any changes to director cash retainers and/or annual stock award

values generally occur only after such review. The most recent review was completed during fiscal 2014. There were no changes to director compensation for fiscal 2016.

**Annual Compensation Program**

**a. Cash Retainers**

Each director receives an annual cash retainer for his or her service on the Board, service on Board committees, service as chair of a Board committee, and service as Lead Director, as applicable. There are no meeting fees. Retainers are paid in a single installment on the first business day of the month following the Annual Stockholder Meeting each year. Each new director receives a prorated retainer that is paid on the first business day of the month following his or her appointment to the Board.

**2016 RETAINERS**

<b>Annual Board Service:</b>	\$65,000
<b>Lead Director:</b>	\$17,500

<b>Committee</b>	<b>Committee Chair <sup>(1)</sup></b>	<b>Committee Membership</b>
Audit	\$ 25,000	\$ 10,000
Compensation	\$ 25,000	\$ 7,500
Finance	\$ 12,500	\$ 5,000
Nominating & Governance	\$ 12,500	\$ 5,000

<sup>(1)</sup> Includes Committee membership retainer

Directors may elect to defer receipt of some or all of their cash retainers in the form of Common Stock equivalents under the

Jack in the Box Inc. Deferred Compensation Plan for Non-Management Directors (the Director Deferred Compensation Plan ). The number of Common Stock equivalents credited to a director s account is based on a per share price equal to the average of the closing price of Common Stock on the NASDAQ Stock Market for the 10 trading days immediately preceding the date the deferred compensation is credited to the director s account. Under the Director Deferred Compensation Plan, to the extent dividends are paid, dividend equivalents and fractions thereof are converted to additional Common Stock equivalents and are credited to a director s deferred compensation account as of the dividend payment dates. Each director s account is settled in an equal number of shares of Common Stock upon the director s termination of service from the Board. The Director Deferred Compensation Plan is a non-qualified plan under the Internal Revenue Code.

#### **b. Expenses**

The Company reimburses directors for customary and usual travel and out-of-pocket expenses incurred in connection with attendance at Board and committee meetings.

**Table of Contents****DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES****c. Annual Equity Grant    Restricted Stock Units**

Each director receives an annual grant of RSUs under the 2004 Stock Incentive Plan. We grant RSUs for the following reasons:

RSUs cause the value of directors' share ownership to rise and fall with that of other stockholders, serving the objective of alignment with stockholder interests.

RSUs are a prevalent form of director compensation among the Company's Peer Group. The Company determines the number of RSUs to be granted by dividing the annual equity award value of \$90,000 by the

closing price of Common Stock on the date of the annual grant, which is the second business day of the next window period opened in accordance with the Company's Employee/Insider Trading Policy. RSUs vest on the earlier of the first business day 12 months from the date of grant or upon the director's termination of service with the Board, unless deferred. Directors may elect to defer receipt of shares issuable under RSU awards to termination of their board service; and beginning with the February 2015 RSU awards, shares that have vested and been deferred earn a dividend (in the form of Common Stock equivalents) to the same extent the Company pays a dividend on outstanding shares.

**Director Ownership and Stock Holding Requirements**

The Board believes that all directors should maintain a meaningful personal financial stake in the Company to align their long-term interests with those of our stockholders. Pursuant to our Corporate Governance Principles and Practices, the Board desires that, within a reasonable period after joining the Board, each non-employee director hold Common Stock with a value of at least three times the annual cash Board service retainer. Direct holdings, unvested and deferred RSUs, and Common Stock equivalents count toward ownership value. In addition, each director is required to hold at least 50% of the shares resulting from all RSU grants until termination of his or her Board service. The table below shows each non-employee director's ownership value as of fiscal year end 2016, based on a closing stock price of \$95.94 on the last trading day of fiscal 2016, September 30, 2016. Each of our directors meets the stock holding requirement.

Name	Board Service Direct Holdings/ Effective	Deferred Units &	Total
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	<b>Date</b>	<b>Unvested RSUs</b>	<b>Common Stock Equivalents</b>	<b>Value</b>
Mr. Goebel	Dec. 2008	\$ 2,018,961	\$ 223,828	\$ 2,242,789
Ms. John	Sept. 2014	\$ 233,422	\$ 0	\$ 233,422
Ms. Kleiner	Sept. 2011	\$ 724,923	\$ 542,733	\$ 1,267,656
Mr. Murphy	Sept. 2002	\$ 438,926	\$ 5,410,248	\$ 5,849,174
Mr. Myers	Dec. 2010	\$ 2,270,036	\$ 666,303	\$ 2,936,339
Mr. Tehle	Dec. 2004	\$ 1,268,039	\$ 4,264,149	\$ 5,532,188
Mr. Wyatt	May 2010	\$ 714,753	\$ 690,768	\$ 1,405,521

**Table of Contents****DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES****Fiscal 2016 Compensation**

The table below shows the compensation amounts for each of the Company's non-employee directors. Each director received an annual equity award of 1,406 RSUs, valued at \$90,000 on the date of grant, February 22, 2016. The RSUs vest 100% on the earlier of the first business day 12 months from the date of grant or upon the director's termination of service with the Board.

For fiscal 2016, the average annual compensation of directors was \$177,857 (excluding the dividend payments on deferred accounts), comprised of (i) \$87,857 in cash and (ii) \$90,000 in RSUs.

<b>Name</b>	<b>Fees Earned or Paid in Cash</b> (1)	<b>Stock Awards</b> (2)	<b>All Other Compensation</b> (3)	<b>Total</b>
Mr. Goebel	\$ 95,000	\$ 90,000	\$ 2,086	\$ 187,086
Ms. John	\$ 77,500	\$ 90,000	\$ 0	\$ 167,500
Ms. Kleiner	\$ 85,000	\$ 90,000	\$ 838	\$ 175,838
Mr. Murphy	\$ 95,000	\$ 90,000	\$ 55,514	\$ 240,514
Mr. Myers	\$ 80,000	\$ 90,000	\$ 6,068	\$ 176,068
Mr. Tehle	\$ 87,500	\$ 90,000	\$ 37,949	\$ 215,449
Mr. Wyatt	\$ 95,000	\$ 90,000	\$ 838	\$ 185,838

(1) *Fees Earned or Paid in Cash* reflects Board and Committee retainers paid to each director in 2016 either in cash or deferred at the director's election.

(2) *Stock Awards* reflects the grant date fair value of RSUs granted under the 2004 Stock Incentive Plan, computed in accordance with ASC 718.

(3) *The amount reported in the All Other Compensation column reflects four dividend payments made during fiscal 2016 that were credited to the applicable directors common stock equivalent accounts, in connection with (1) the respective director's prior deferral of cash retainers, under the Director Deferred Compensation Plan described in the above section a. Cash Retainers and/or (2) beginning with the February 2015 RSU award, vested deferred RSUs as described in section c. Annual Equity Grant Restricted Stock Units. Dividends are paid only to the same extent the Company pays a dividend on outstanding shares.*

**Outstanding Equity at Fiscal Year End**

The table below sets forth the aggregate number of unvested and deferred RSUs held by our non-employee directors at the end of fiscal 2016.



	<b>Unvested</b>	<b>Deferred</b>
<b>Name</b>	<b>RSUs</b>	<b>RSUs</b>
Mr. Goebel	1,406	927
Ms. John	1,406	0
Ms. Kleiner	1,406	5,647
Mr. Murphy	1,406	10,065
Mr. Myers	1,406	1,551
Mr. Tehle	1,406	13,234
Mr. Wyatt	1,406	7,190

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**REPORT OF THE AUDIT COMMITTEE**

**REPORT OF THE AUDIT COMMITTEE**

The following is the report of the Audit Committee with respect to Jack in the Box Inc.'s audited consolidated financial statements for the fiscal year ended October 2, 2016.

The Audit Committee has reviewed and discussed the annual consolidated financial statements with Management and KPMG LLP, the Company's independent registered public accounting firm (the independent auditor). Management is responsible for the financial reporting process, the system of internal controls, including internal control over financial reporting, risk management and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of internal control over financial reporting. The Audit Committee is responsible for the appointment, compensation and oversight of the independent auditor. The Committee was also involved in selection of the firm's lead engagement partner for fiscal 2017. The Audit Committee met on four occasions in the fiscal year ended October 2, 2016. The Audit Committee met with the independent auditor, with and without Management present, to discuss the results of its audits and quarterly reviews of the Company's financial statements. The Audit Committee also discussed with the independent auditor the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Statement on Auditing Standards No. 16 *Communications with Audit Committees*. The Audit Committee also received from the Company's independent auditor the written disclosures and the letter required by applicable requirements of the PCAOB regarding

their communications with the Audit Committee concerning independence, and has discussed with the independent auditor its independence from the Company. The Audit Committee also has considered whether the provision of non-audit services to the Company is compatible with the independence of the independent auditor.

In performing its functions, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management and internal audit group as well as the Company's independent auditor whose reports express opinions on the conformity of the Company's annual financial statements with U.S. generally accepted accounting principles and on the effectiveness of internal control over financial reporting.

Based on the reviews and discussions referred to above, and the reports of KPMG LLP, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2016, for filing with the SEC.

THE AUDIT COMMITTEE

Michael W. Murphy, *Chair*

James M. Myers

David M. Tehle

This report is not deemed to be incorporated by reference in any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this report by reference.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FEES AND SERVICES****INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FEES AND SERVICES**

The following table presents fees billed for professional services rendered by KPMG, the Company's independent registered public accountants, for the fiscal years ended October 2, 2016 and September 27, 2015.

	<b>2016</b>	<b>2015</b>
Audit Fees <sup>(1)</sup>	\$ 1,003,001	\$ 923,980
Audit Related Fees		
Tax Fees <sup>(2)</sup>	8,750	29,667
All Other Fees		
<b>KPMG Total Fees</b>	<b>\$ 1,011,751</b>	<b>\$ 953,647</b>

<sup>(1)</sup> *Audit fees include fees for the audit of the Company's consolidated annual financial statements and the audit of the effectiveness of internal controls over financial reporting. Audit fees also include fees for review of the interim financial statements included in our Form 10-Q quarterly reports and the issuance of consents and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements.*

<sup>(2)</sup> *Tax fees include fees for services rendered for tax advice in connection with amendment to the Company's credit facility, sales tax audit defense, and interest rate swaps.*

**Registered Public Accountants Independence.** The Audit Committee has considered whether the provision of the above-noted services, other than audit services, is compatible with maintaining KPMG's independence, and has determined that the provision of such services has not adversely affected KPMG's independence.

**Policy on Audit Committee Pre-Approval of Services.** The Company and its Audit Committee are committed to ensuring the independence of the independent registered public accountants, both in fact and in appearance. In this regard, the Audit Committee has established a pre-approval policy in accordance with applicable securities rules. The Audit Committee's pre-approval policy is set forth in the Audit Committee Pre-Approval Policy, which is available on our website at <http://investors.jackinthebox.com>.

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**TWO RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

**PROPOSAL TWO RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee has appointed the firm of KPMG LLP as the Company's independent registered public accountants for fiscal year 2017. Although action by stockholders in this matter is not required, the Audit Committee believes it is appropriate to seek stockholder ratification of this appointment.

KPMG LLP has served as the Company's independent auditor since 1986. One or more representatives of KPMG LLP is expected to be present at the Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions from stockholders present at the meeting. The following proposal will be presented at the Annual Meeting:

Action by the Audit Committee appointing KPMG LLP as the Company's independent registered public accountants to conduct the annual audit of the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending October 1, 2017, is hereby ratified, confirmed and approved.

**Vote Required for Ratification**

Ratification requires the affirmative vote of a majority of the votes present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions will be included in the number of shares present and entitled to vote, and will have the same effect as a vote AGAINST this proposal. Brokers have discretionary authority to vote uninstructed shares on this matter.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.**

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**PROPOSAL THREE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**PROPOSAL THREE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), stockholders have the opportunity to cast an advisory vote on the compensation of our named executive officers ( NEOs ) as disclosed in the CD&A, the compensation tables, narrative disclosures, and related footnotes included in this Proxy Statement. This Say on Pay vote is advisory, and therefore nonbinding on the Company; however, the Compensation Committee of the Board of Directors, which is comprised entirely of independent directors, values the opinions of our stockholders and will take into account the outcome of the vote when considering future executive compensation decisions. We received a 98.6% favorable vote on Say on Pay at our February 2016 Annual Meeting of Stockholders.

The Compensation Committee engages the services of an independent compensation consultant to advise on executive compensation matters, including competitive compensation targets within the marketplace, and Company performance goals and analysis.

As discussed in more detail in the CD&A, our executive compensation program is designed to attract and retain a talented team of executives who can deliver on our commitment to build long-term stockholder value. The Compensation Committee believes our program is competitive in the marketplace, links pay to performance by rewarding our NEOs for achievement of short-term and long-term financial and operational goals (and, in some years, strategic goals), and aligns our NEOs' interests with the long-term interests of our stockholders by providing a mix of performance and service-based equity awards. Specifically, a significant portion of compensation paid to our NEOs is based on the Company's business performance.

Our fiscal 2016 NEOs consist of four Brand Services executives supporting both brands, namely our Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Legal and Risk Officer (CLO), and Chief People, Culture and Corporate Strategy Officer, along with our Jack in the Box Brand President.

The Compensation Committee believes stockholders should consider the following key components of our compensation programs and governance practices when voting on this proposal:

**Pay for Performance Orientation**

Competitive, Targeted Pay. We target executive base salary, total cash compensation, and total direct compensation to deliver competitive pay for performance that meets expectations, and the opportunity for higher pay only if performance exceeds expectations.

Pay Mix. Our executive compensation program includes a mix of fixed and variable compensation, with a majority of target compensation in the form of annual and long-term incentives that directly tie to key Company goals and drive long-term stockholder value.

Long-Term Incentives ( LTI ). Annual equity awards for our NEOs included a mix of stock options, performance shares ( PSUs ) and time-vested restricted stock units ( RSUs ) with holding requirements. The PSUs vest three years after the grant, depending on the Company s achievement of goals over a three-fiscal year period. The grant guidelines, goals, and performance metrics for the LTI awards granted in November 2015 for the performance period fiscal 2016-18 are further described in the CD&A.

2016 Annual Incentives. In 2016, our NEOs annual incentive was based partly on Operating Earnings Per Share ( EPS ), with (a) the Brand Services executives incentive also partly based on a consolidated Restaurant Operating Margin ( ROM ) target; and (b) the Jack in the Box Brand President s annual incentive partly based on the Jack in the Box brand s Earnings from Operations and ROM.

Each of the Brand Services NEOs earned an annual incentive payment in fiscal 2016 based on the Company substantially exceeding its financial performance target for EPS and meeting its consolidated ROM target.

The JIB Brand President earned an incentive based on EPS achievement and the brand performing just above its Earnings from Operations target, and exceeding its maximum ROM target.

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**PROPOSAL THREE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**Alignment with Long-Term Stockholder Interests**

Equity Awards. The largest portion of our NEOs' total pay is delivered in equity awards (including options, PSUs and RSUs), with such equity awards accounting for 66% of the CEO's total direct compensation in 2016 (excluding a special one-time retention stock award).

Option awards and time-vested RSUs have multi-year vesting; performance awards are based on achievement of financial goals over a three-fiscal year period.

All RSUs and PSUs beginning in fiscal 2016 are subject to a holding requirement of at least 50% of after-tax net shares until termination or retirement.

Stock Ownership Requirement. Our NEOs and other senior executives are required to own a significant amount of the Company's stock, based on a multiple of salary.

No Evergreen No Repricing. We do not have an evergreen plan, and we prohibit repricing equity awards without stockholder approval.

No Pledging or Hedging. We prohibit Section 16 officers and Corporate Vice Presidents from pledging Company stock as collateral for any obligation or engaging in hedging transactions involving our stock.

**Recommendation**

With the assistance of its independent compensation consultant, the Committee has thoughtfully developed our executive compensation programs, setting NEO compensation that links pay to performance and provides an appropriate balance of short-term and long-term incentives that are aligned with long-term stockholder interests. Accordingly, the Board of Directors recommends that you vote in favor of the following resolution:

RESOLVED, that Jack in the Box Inc. stockholders approve, on an advisory basis, the compensation of the Company's named executive officers as described in the Company's Compensation Discussion and Analysis, tabular disclosures, and other narrative disclosures in this Proxy Statement for the 2017 Annual Meeting of Stockholders.

Approval of the Say on Pay proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions will be included in the number of shares present and entitled to vote, and will have the same effect as a vote AGAINST the proposal. Broker non-votes will not count as votes cast FOR or AGAINST the proposal, and will not be included in calculating the number of votes necessary for approval for this proposal.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY**



**STATEMENT.**

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**PROPOSAL FOUR RE-APPROVAL OF STOCK INCENTIVE PLAN**

**PROPOSAL FOUR RE-APPROVAL OF CERTAIN TERMS AND CONDITIONS SET FORTH IN OUR 2004 STOCK INCENTIVE PLAN THAT WILL PERMIT US TO GRANT AWARDS THAT MAY QUALIFY AS PERFORMANCE-BASED COMPENSATION WITHIN THE MEANING OF SECTION 162(m) OF THE CODE**

**Overview**

In 2004 the Board adopted and our stockholders approved, the 2004 Stock Incentive Plan (the Plan ). The Plan was amended and restated in 2012 (the Plan as amended and restated, the Amended 2004 Plan ). To allow for certain awards under the Amended 2004 Plan to qualify as tax-deductible performance-based compensation within the meaning of Section 162(m) ( Section 162(m) ) of the Internal Revenue Code, as amended, (the Code ), we are asking stockholders to re-approve certain terms and conditions under the Amended 2004 Plan that are described below. Stockholders are not being asked to approve an increase in the number of shares available for grant under the Amended 2004 Plan or any other amendment to the Amended 2004 Plan.

The Amended 2004 Plan provides for performance-based awards that are intended to satisfy the requirements for performance-based compensation within the meaning of Section 162(m). The Board believes that it is in the best interests of the Company and our stockholders to maintain a plan under which performance-based stock and cash compensation awards made to certain executive officers may be deducted by the Company for federal income tax purposes, as further described below.

Proposal 4 must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal in order to be approved. In the event that our stockholders do not approve Proposal 4, the Amended 2004 Plan will not be available for future grants of performance-based awards, and we may not be entitled to a tax deduction for some or all of the compensation paid to our chief executive officer and our other most highly compensated officers.

**Continued Ability to Grant Qualified Performance-Based Compensation under Section 162(m)**

Section 162(m) disallows a U.S. tax deduction to any publicly held corporation and its affiliates for certain compensation paid to any covered employee (the chief executive officer and the next three most highly compensated officers other than the chief financial officer) to the extent that the compensation paid to the covered employee for the taxable year exceeds \$1,000,000. However, certain kinds of compensation, including qualified performance-based compensation, are not subject to this deduction limitation.

In order for compensation awarded under a plan to qualify as performance-based compensation under Section 162(m), among other requirements, the following terms and conditions must be disclosed to and approved by the stockholders before the compensation is paid: (i) a description of the employees eligible to receive such awards; (ii) a description of the business criteria upon which the performance goals for performance-based awards may be based; and (iii) a per-employee limit on the number of shares subject to performance-based stock awards and the amount of cash subject to performance-based cash awards that may be

granted or paid to any employee under the plan during any specified period.

In 2012, our public company stockholders approved the Amended 2004 Plan, including the terms and conditions necessary for us to grant awards under the Amended 2004 Plan that may qualify as performance-based compensation under Section 162(m). Under U.S. tax rules, in order for us to continue to grant performance-based stock and cash awards under the Amended 2004 Plan that may qualify as performance-based compensation under Section 162(m), our stockholders must reapprove such terms and conditions no later than the first stockholder meeting that occurs in the fifth year following the year in which our stockholders previously approved such terms and conditions.

Accordingly, we are requesting that our stockholders re-approve the terms and conditions of the Amended 2004 Plan regarding eligibility for performance-based awards, the business criteria upon which the performance goals for performance-based awards may be based, and annual

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**PROPOSAL FOUR RE-APPROVAL OF STOCK INCENTIVE PLAN**

per-employee limits on performance-based awards (as described in the summary below). We believe that it is in the best interests of the Company and our stockholders to preserve the ability to grant awards in the future that may qualify as performance-based compensation under Section 162(m). However, in certain circumstances, we may determine to grant awards to our covered employees that are not intended to qualify as performance-based compensation under Section 162(m). Moreover, even if we grant awards that are intended to qualify as performance-based compensation under Section 162(m), we cannot guarantee that such compensation ultimately will be deductible by us under U.S. tax rules.

**Description of Amended 2004 Plan**

The material features of the Amended 2004 Plan are summarized below. This summary is qualified in its entirety by reference to the complete text of the Amended 2004 Plan, which is appended to this proxy statement as Exhibit A and may be accessed from the SEC's website at [www.sec.gov](http://www.sec.gov).

*Purpose of the Amended 2004 Plan.* The purpose of the Amended 2004 Plan is to advance the interests of the Company by providing an incentive program that will enable the Company to attract, retain, and motivate employees, consultants and directors upon whose judgment, interest and efforts the Company's success is dependent, and to provide them with an equity interest in the success of the Company in order to motivate superior performance. These incentives may be provided through the grant of stock options (including indexed options), stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares, and performance units.

*Key Features of the Amended 2004 Plan Designed to Protect Stockholders' Interests.* The Amended 2004 Plan includes provisions that reflect our commitment to strong corporate governance and the desire to preserve stockholder value as demonstrated by the following features:

*No Evergreen Feature.* The maximum number of shares available for issuance under the Amended 2004 Plan is fixed and cannot be increased without stockholder approval. In addition, unless extended by a vote of our stockholders, no awards may be granted under the Amended 2004 Plan after November 16, 2021.

*Repricing Prohibited.* Stockholder approval is required for any repricing, replacement, or buyout of underwater awards.

*No Discount Awards; Maximum Term Specified.* Stock options and stock appreciation rights generally must have an exercise price no less than the closing price of the Company's stock on the date the award is granted and, starting in November 2009, a term no longer than seven years from the date of grant.

*Per-Employee Limits on Awards.* The Amended 2004 Plan limits the size of awards that may be granted to any one employee within any fiscal year of the Company.

*Minimum Three-Year Vesting Period.* Restricted shares and RSUs granted to employees and vesting solely on the basis of continued service require a minimum three years of employment, from date of grant, to vest (with the exception of a maximum of 10% of the total shares being available for full value awards with a vesting period of less than three years).

*Award Design Flexibility.* Different kinds of awards may be granted under the Amended 2004 Plan, giving the Company the flexibility to design our equity incentives to complement the other elements of compensation and to support our attainment of strategic goals.

*Performance-Based Awards.* The Amended 2004 Plan permits the grant of performance-based stock awards that are payable upon the attainment of specified performance goals.

*Responsible Share Counting.* Any shares of common stock tendered or withheld to pay taxes or an option's exercise price are not available for re-issuance.

*Responsible Change in Control Provisions.* The Amended 2004 Plan's definition of a change-in-control transaction provides that any award benefits triggered by such a transaction are contingent upon the actual consummation of the transaction, not merely its approval by our Board or stockholders. Additionally, since 2014, all grants of options and restricted stock units provide that unvested awards that continue after a Change in Control (as defined below) are double-trigger, requiring both a Change in Control and qualifying termination of service for vesting to accelerate. Since 2014, the terms of performance awards provide for vesting upon a Change in Control that pays out at actual levels achieved for completed performance periods and at target level for incomplete periods.

*Deductibility of Awards.* The Amended 2004 Plan includes provisions intended to meet the requirements for deductibility of executive compensation under Section 162(m), including by qualifying payments under the Amended 2004 Plan as performance-based compensation.

*Independent Committee.* The Amended 2004 Plan is administered by our Compensation Committee or other committee of the Board as duly appointed to administer the Amended 2004 Plan.

*Share Reserve.* As of the record date, of the shares of our common stock approved for issuance under the Amended 2004 Plan, 826,955 shares are subject to issuance or release under outstanding awards and 2,062,864 shares of our common stock remain available for future awards (not

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including any shares that might in the future be returned to the Amended 2004 Plan as a result of awards expiring, being forfeited or otherwise terminating).

The Amended 2004 Plan provides that grants or settlement of full value awards (such as restricted stock bonus awards, restricted stock purchase rights, restricted stock units, performance shares or performance units settled in shares) made on or after February 10, 2010 are counted against the Amended 2004 Plan's share reserve on a one-and-three-quarters-for-one basis (i.e. each full value award is counted against the share limit as 1.75 shares). If any award expires, lapses or otherwise terminates or is forfeited for any reason without having been exercised or settled in full, the shares subject to the award will again become available for issuance under the Amended 2004 Plan. To the extent a share that was subject to an Award that counted as one share is returned to the Amended 2004 Plan, the share reserve will be credited with one share. To the extent that a share that was subject to an Award that counts as 1.75 shares is returned to the Amended 2004 Plan, the share reserve will be credited with 1.75 shares. Upon any stock dividend, stock split, reverse stock split, recapitalization, or similar change in our capital structure, appropriate adjustments will be made to the shares subject to the Amended 2004 Plan, to the award grant limitations, and to all outstanding awards.

**Administration.** The Amended 2004 Plan has been and will continue to be administered by the Compensation Committee or other Committee of the Board of Directors duly appointed to administer the Amended 2004 Plan, or, in the absence of such committee, by the Board of Directors. In the case of awards intended to qualify for the performance-based compensation exemption under Section 162(m), administration must be by a compensation committee comprised solely of two or more outside directors within the meaning of Section 162(m). (For purposes of this summary, the term "Committee" will refer to either such duly appointed committee or to the Board of Directors.) Subject to the provisions of the Amended 2004 Plan, the Committee determines in its discretion the persons to whom and the times at which awards are granted, the types and sizes of such awards, and all of their terms and conditions. The Committee may, subject to certain limitations on the exercise of its discretion required by Section 162(m) and the repricing and vesting restrictions described below, amend, cancel, renew, waive any restrictions or conditions applicable to any award, and accelerate, continue, extend or defer the vesting of any award. The Amended 2004 Plan provides, subject to certain limitations, for indemnification by the Company of any director, officer, or employee against all reasonable expenses, including attorneys' fees, incurred in connection with any legal action arising from such person's action or failure to act in administering the Amended 2004 Plan. The Committee will interpret the Amended 2004 Plan and awards granted thereunder, and all determinations of the Committee will be final and binding on all persons having an interest in the Amended 2004 Plan or any award.

**Eligibility.** Awards may be granted to employees, directors and consultants of the Company or of any present or future parent or subsidiary corporations of the Company. Incentive stock options may be granted only to employees who, as of the time of grant, are employees of the Company or any parent or subsidiary corporation of the Company. As of October 2, 2016, the Company had approximately 22,200 employees, including ten executive officers, and seven non-management directors who would be eligible under the Amended 2004 Plan.

**Repricing and Vesting Restrictions.** The Amended 2004 Plan forbids, without stockholder approval, the repricing of any outstanding stock option and/or stock appreciation right. In addition, the Amended 2004 Plan forbids (1) any acceleration of vesting of awards by the Committee for any reason other than upon a Change in Control or after a participant's death, retirement or disability, (2) vesting of full value shares on the basis of continued service any more rapidly than annual pro rata vesting over three years (with the exception of no more than 10% of the total shares being available for full value awards that have a vesting period of less than three years) and (3) vesting on the basis of

performance over a performance period of less than 12 months.

**Stock Options.** Each option granted under the Amended 2004 Plan must be evidenced by a written agreement between the Company and the optionee specifying the number of shares subject to the option and the other terms and conditions of the option, consistent with the requirements of the Amended 2004 Plan. The exercise price of each option may not be less than the fair market value of a share of Common Stock on the date of grant. However, any incentive stock option granted to a person who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company (a Ten Percent Stockholder ) must have an exercise price equal to at least 110% of the fair market value of a share of Common Stock on the date of grant. The exercise price of each indexed stock option, and the terms and adjustments which may be made to such an option, will be determined by the Committee in its sole discretion at the time of grant.

On December 30, 2016, the closing price of the Company's Common Stock on the NASDAQ stock market was \$111.64 per share. Subject to appropriate adjustment in the event of any change in the capital structure of the Company, no employee may be granted in any fiscal year of the Company options and/or freestanding stock appreciation rights which in the aggregate are for more than 500,000 shares.

The Amended 2004 Plan provides that the option exercise price may be paid in cash, by check, or in cash equivalent, by the assignment of the proceeds of a sale with respect to some or all of the shares being acquired upon the exercise of the option, to the extent legally permitted, by tender of shares of Common Stock owned by the optionee having a fair market

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**PROPOSAL FOUR RE-APPROVAL OF STOCK INCENTIVE PLAN**

value not less than the exercise price, by such other lawful consideration as approved by the Committee, or by any combination of these. Nevertheless, the Committee may restrict the forms of payment permitted in connection with any option grant. No option may be exercised unless the optionee has made adequate provision for federal, state, local and foreign taxes, if any, relating to the exercise of the option, including, if permitted or required by the Company, through the optionee's surrender of a portion of the option shares to the Company.

Options will become vested and exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Committee. The maximum term of any option granted before November 12, 2009 under the Amended 2004 Plan is ten years, and the maximum term of any option granted on or after November 12, 2009 under the Amended 2004 Plan is seven years, provided, however, that an incentive stock option granted to a Ten Percent Stockholder must have a term not exceeding five years. The Committee will specify in each written option agreement, and solely in its discretion, the period of time post-termination that an optionee may exercise the option before it expires.

Stock options are nontransferable by the optionee other than by will or by the laws of descent and distribution, and are exercisable during the optionee's lifetime only by the optionee. However, a nonstatutory stock option may be assigned or transferred to the extent permitted by the Committee and set forth in the option agreement, subject to applicable limitations of securities law.

**Stock Appreciation Rights.** Each stock appreciation right granted under the Amended 2004 Plan must be evidenced by a written agreement between the Company and the participant specifying the number of shares subject to the award and the other terms and conditions of the award, consistent with the requirements of the Amended 2004 Plan. A stock appreciation right gives a participant the right to receive the appreciation in the fair market value of Company Common Stock between the date of grant of the award and the date of its exercise. The Company may pay the appreciation either in cash, in shares of Common Stock or in any combination thereof as set out in the award agreement. The Committee may grant stock appreciation rights under the Amended 2004 Plan in tandem with a related stock option or as a freestanding award. A tandem stock appreciation right is exercisable only at the time and to the same extent that the related option is exercisable, and its exercise causes the related option to be canceled. Freestanding stock appreciation rights vest and become exercisable at the times and on the terms established by the Committee. The maximum term of any stock appreciation right granted before November 12, 2009 under the Amended 2004 Plan is ten years, and the maximum term of any stock appreciation right

granted on or after November 12, 2009 under the Amended 2004 Plan is seven years. Subject to appropriate adjustment in the event of any change in the capital structure of the Company, no employee may be granted in any fiscal year of the Company freestanding stock appreciation rights and/or options which in the aggregate are for more than 500,000 shares. Stock appreciation rights are nontransferable by the participant other than by will or by the laws of descent and distribution, and are exercisable during the participant's lifetime only by the participant.

**Restricted Stock Awards.** The Committee may grant restricted stock awards under the Amended 2004 Plan, either in the form of a restricted stock purchase right, giving a participant an immediate right to purchase Common Stock, or in the form of a restricted stock bonus, for which the participant furnishes consideration in the form of services to the Company. The Committee determines the purchase price, if any, payable under restricted stock purchase awards. Restricted stock awards may be subject to vesting conditions based on such service or performance criteria as the Committee specifies, and the shares acquired may not be transferred by the participant until vested, other than pursuant to an ownership change event as described in the Amended 2004 Plan. Unless otherwise provided by the



Committee, a participant will forfeit any shares of restricted stock as to which the restrictions have not lapsed prior to the participant's termination of service. Participants holding restricted stock will have the right to vote the shares and to receive any dividends paid, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award.

The Committee also may grant restricted stock awards under the Amended 2004 Plan in the form of restricted stock units which represent a right to receive shares of Common Stock at a future date determined in accordance with the participant's award agreement. No monetary payment is required for receipt of restricted stock units or the shares issued in settlement of the award, the consideration for which is furnished in the form of the participant's services to the Company. The Committee may grant restricted stock unit awards subject to the attainment of performance goals similar to those described below in connection with performance shares and performance units, or may make the awards subject to vesting conditions similar to those applicable to other restricted stock awards. Participants have no voting rights or rights to receive dividends with respect to restricted stock unit awards until shares of Common Stock are issued in settlement of such awards. However, the Committee may grant restricted stock units that entitle their holders to receive dividend equivalents, which are rights to receive additional restricted stock units for a number of shares whose value is equal to any dividends we pay. Dividend equivalents shall only be payable to the extent the Participant's right to any stock is nonforfeitable.

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**PROPOSAL FOUR RE-APPROVAL OF STOCK INCENTIVE PLAN**

Subject to appropriate adjustment in the event of any change in the capital structure of the Company, no employee may be granted in any fiscal year of the Company restricted stock awards in the aggregate for more than 200,000 shares of stock on which the restrictions are based on performance criteria.

*Performance Awards.* The Committee may grant performance awards subject to such conditions and the attainment of such performance goals over such periods as the Committee determines in writing and sets forth in a written agreement between the Company and the participant. These awards may be designated as performance shares or performance units. The PSUs granted to executive officers as part of our long-term incentive program fit within the definition of performance shares under the Amended 2004 Plan.

Performance shares and performance units represent a right to receive a share of common stock, an equivalent amount of cash, or a combination of shares and cash as determined by the Committee, if vesting conditions are satisfied. The initial values of such awards are equal to the fair market value of a share of stock on the grant date and \$100 per unit, respectively.

Performance awards will specify a predetermined amount of performance shares or performance units that may be earned by the participant to the extent that one or more predetermined performance goals are attained within a predetermined performance period. Subject to appropriate adjustment in the event of any change in the capital structure of the Company, for each fiscal year of the Company contained in the applicable performance period, no employee may be granted performance shares that could result in the employee receiving more than 200,000 shares of Common Stock or performance units that could result in the employee receiving more than \$1,000,000.

Prior to the beginning of the applicable performance period or such later date as permitted under Section 162(m), the Committee will establish one or more performance goals applicable to the award. Performance goals will be based on the attainment of specified target levels with respect to one or more measures of business or financial performance of the Company and each parent and subsidiary corporation consolidated therewith for financial reporting purposes, or such division or business unit of the Company as may be selected by the Committee. The Committee, in its discretion, may base performance goals on one or more of the following such measures: sales, revenue, gross margin, operating margin, operating income, pre-tax profit, earnings before interest, taxes, depreciation and/or amortization, net earnings, net income, cash flow, expenses, expense management, stock price, earnings per share, operating earnings per share, defined operating earnings per share, average unit sales or volume, return on stockholders' equity, return on capital, return on assets, return on invested capital, economic value added, number of customers, market share, same store sales, average restaurant margin, restaurant operating margin,

return on investment, profit after tax, customer satisfaction, guest transactions, number of restaurants franchised, number of restaurants remodeled or reimaged, franchise revenues, gains on restaurants sold, cash proceeds on restaurants sold, return on equity, cash on cash return, and system-wide sales. The target levels with respect to these performance measures may be expressed on an absolute basis or relative to a standard specified by the Committee. The degree of attainment of performance measures will, according to criteria established by the Committee, be computed before the effect of changes in accounting standards, restructuring charges and similar extraordinary items occurring after the establishment of the performance goals applicable to a performance award.

The Committee may also provide that one or more of the following objectively determinable adjustments shall be made to one or more of the performance goals: items related to a change in accounting principle; items relating to financing activities; expenses for restructuring or productivity initiatives; other non-operating items; items related to

acquisitions; items attributable to the business operations of any entity acquired by the Company during the performance period; items related to the disposal of a business or segment of a business; items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles; items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the performance period; any other items of significant income or expense which are determined to be appropriate adjustments; items relating to unusual or extraordinary corporate transactions, events or developments; items related to amortization of acquired intangible assets; items that are outside the scope of the Company's core, on-going business activities; or items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

Following completion of the applicable performance period, the Committee will certify in writing the extent to which the applicable performance goals have been attained and the resulting value to be paid to the participant. The Committee retains the discretion to eliminate or reduce, but not increase, the amount that would otherwise be payable to the participant on the basis of the performance goals attained. However, no such reduction may increase the amount paid to any other participant. In its discretion, the Committee may provide for the payment to a participant awarded performance shares or dividend equivalents with respect to dividends paid on the Company's Common Stock, however, dividend equivalents shall only be payable to the extent the Participant's right to any performance award is earned and nonforfeitable.

Unless otherwise provided by the Committee, if a participant's service terminates due to the participant's death, disability or retirement prior to completion of the applicable performance period, the final award value will be determined at the end of

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the performance period on the basis of the performance goals attained during the entire performance period but will be prorated for the number of months of the participant's service during the performance period. If a participant's service terminates prior to completion of the applicable performance period for any other reason, the Amended 2004 Plan provides that, unless otherwise determined by the Committee, the performance award will be forfeited. No performance award may be sold or transferred other than by will or the laws of descent and distribution prior to the end of the applicable performance period.

*Change in Control.* The Amended 2004 Plan defines a Change in Control of the Company as any of the following events upon which the stockholders of the Company immediately before the event do not retain immediately after the event (in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the event) direct or indirect beneficial ownership of a majority of the total combined voting power of the voting securities of the Company, its successor, or, in the case of (iii) below, the corporation or corporations to which the assets were transferred: (i) a sale or exchange by the stockholders in a single or series of related transactions of more than 50% of the Company's voting stock; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company. If a Change in Control occurs, the surviving, continuing successor or purchasing corporation or parent corporation thereof may either assume outstanding options or stock appreciation rights or substitute new awards having an equivalent value.

In the event of a Change in Control, in which the outstanding stock options and stock appreciation rights are not assumed or replaced, then all unexercisable, unvested or unpaid portions of such outstanding awards will become exercisable, vested and payable in full prior to the date of the Change in Control. Since 2014, however, all grants of stock options that continue after a Change in Control are double trigger, requiring both a Change in Control and a qualifying termination of service for vesting to accelerate.

In the event of a Change in Control, the lapsing of all vesting conditions and restrictions on any shares subject to any restricted stock award, restricted stock unit award or performance award held by a participant whose service with

the Company has not terminated prior to the Change in Control may be accelerated effective as of the date of the Change in Control, subject to the terms of the applicable grant agreement. Since 2014, all grants of restricted stock that continue after a Change in Control are double trigger, requiring both a Change in Control and a qualifying termination of service for stock vesting to accelerate. Since 2014, all performance award grant agreements provide that the value of outstanding performance awards will be determined and paid at (i) the degree of attainment of the applicable performance goals for the completed performance periods prior to the date of the Change in Control and (ii) 100% of the pre-established performance goal target for incomplete periods.

Any option or stock appreciation right not assumed, replaced, or exercised as of the date of the Change in Control will terminate. The Amended 2004 Plan authorizes the Committee, in its discretion, to provide for different treatment of any award, as may be specified in such award's written agreement, which may provide for acceleration of the vesting or settlement of any award, or provide for longer periods of exercisability, upon a Change in Control.

*Termination or Amendment.* The Amended 2004 Plan will continue in effect until the first to occur of (i) its termination by the Committee or (ii) the date on which all shares available for issuance under the Amended 2004 Plan have been issued and all restrictions on such shares under the terms of the Amended 2004 Plan and the agreements evidencing awards granted under the Amended 2004 Plan have lapsed. Unless extended by a vote of our stockholders,

no awards may be granted under the Amended 2004 Plan after November 16, 2021. The Committee may terminate or amend the Amended 2004 Plan at any time, provided that no amendment may be made without stockholder approval if the Committee deems such approval necessary for compliance with any applicable tax or securities law or other regulatory requirements, including the requirements of any stock exchange or market system on which the Common Stock of the Company is then listed. No termination or amendment may affect any outstanding award unless expressly provided by the Committee, and, in any event, may not adversely affect an outstanding award without the consent of the participant unless required to enable an option designated as an incentive stock option to qualify as such or necessary to comply with any applicable law, regulation or rule.

### **Summary of U.S. Federal Income Tax Consequences**

The following is a general summary of the federal income tax treatment of stock options, which are authorized for grant under the Amended 2004 Plan, based upon the provisions of the Code as of the date of this proxy statement. This summary is not intended to be exhaustive and the exact tax consequences to any award holder depend upon his or her

particular circumstances and other facts. Plan participants should consult their tax advisor with respect to any state, local and non-U.S. tax considerations or relevant federal tax implications of options granted under the Amended 2004 Plan.

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***Incentive Stock Options.*** An option holder recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option that qualifies under Section 422 of the Code. Option holders who neither dispose of their shares within two years of the date that the option was granted or within one year following the exercise of the option, normally recognize a capital gain or loss on the sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If an option holder satisfies these holding periods, on the sale of the shares, we are not entitled to any deduction for federal income tax purposes. Where an option holder disposes of shares within two years after the date of grant of those options or within one year after the date of exercise (a disqualifying disposition), the difference between the fair market value of the shares on the exercise date and the option exercise price (which is not to exceed the gain realized on the sale, if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) is taxed as ordinary income at the time of disposition. Any gain in excess of that amount is a capital gain. If a loss is recognized, there is no ordinary income, and such loss is a capital loss. Any ordinary income recognized by the option holder on the disqualifying disposition of the shares generally results in a deduction by the Company for federal income tax purposes.

***Nonqualified Stock Options.*** Options not designated or qualifying as incentive stock options are nonqualified stock options having no special tax status. An option holder generally recognizes no taxable income as a result of the grant of the option. On the exercise of a nonqualified stock option, the option holder normally recognizes ordinary income

in the amount of the difference between the option exercise price and the fair market value of the shares on the exercise date. Where the option holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. On the sale of shares acquired by the exercise of a nonqualified stock option, any gain or loss (based on the difference between the sale price and the fair market value on the exercise date), is taxed as a capital gain or loss. No tax deduction is available to the Company with respect to the grant of a nonqualified stock option or the sale of the stock acquired pursuant to such grant. The Company should generally be entitled to a deduction equal to the amount of ordinary income recognized by the option holder as a result of the exercise of a nonqualified stock option.

***Deductibility of Compensation.*** The Code allows publicly held corporations to deduct compensation that is in excess of \$1,000,000 paid to the corporation's chief executive officer and any of its three most highly compensated executive officers (other than the chief executive officer and the chief financial officer) if the compensation is payable solely based on the attainment of one or more performance goals and where certain statutory requirements are satisfied. It is intended that compensation arising from awards granted under the Amended 2004 Plan that are based on performance goals, and stock options and stock appreciation rights, are to be deductible by us as qualified performance-based compensation not subject to the \$1,000,000 limitation on deductibility under the Code. Despite this, we reserve the right to grant awards under the Amended 2004 Plan that do not result in qualified performance-based compensation and, as such, may not entitle us to a tax deduction.

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**Plan Benefits**

The following table shows, for each of the individuals and groups indicated, the total number of shares of our common stock subject to all stock awards, including options, that have been granted (even if not currently outstanding) under the Plan since inception through the record date, December 30, 2016.