

JACK IN THE BOX INC /NEW/

Form DEF 14A

January 12, 2007

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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.

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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**JACK IN THE BOX INC.**

January 12, 2007

Dear Stockholder:

You are invited to attend the Jack in the Box Inc. Annual Meeting of Stockholders in San Diego, California, on February 16, 2007. In the following pages you will find information about the meeting as well as a Proxy Statement.

We hope you will attend in person. If you plan to do so, please indicate in the space provided on the enclosed proxy. Whether you plan to attend the meeting or not, we encourage you to read this Proxy Statement and vote your shares. Please sign, date and return the enclosed proxy as soon as possible in the postage-paid envelope provided, or if indicated on your proxy card, vote by telephone or Internet. This will ensure representation of your shares in the event that you are unable to attend the meeting.

The Directors and Officers of the Company look forward to seeing you at the annual meeting.

Sincerely,

Linda A. Lang  
Chairman of the Board

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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 on February 16, 2007**

**To the Stockholders of Jack in the Box Inc.:**

The 2007 Annual Meeting of Stockholders of Jack in the Box Inc. will be held at 2:00 p.m. on Friday, February 16, 2007, at the Marriott Mission Valley, 8757 Rio San Diego Drive, San Diego, California.

The meeting will be held to vote upon the following proposals:

1. To elect eight directors to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified;
2. To ratify the appointment of KPMG LLP as independent registered public accountants;
3. To act upon such other matters as may properly come before the meeting, or any postponements or adjournments thereof.

Only stockholders of record at the close of business on December 27, 2006, will be entitled to vote at the meeting.

By order of the Board of Directors

Lawrence E. Schauf  
Secretary

San Diego, California  
January 12, 2007

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**JACK IN THE BOX INC.  
9330 Balboa Avenue  
San Diego, California 92123**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**February 16, 2007**

**SOLICITATION OF PROXIES**

The Board of Directors of Jack in the Box Inc., a Delaware corporation (the Company, we, us, and our ) solicits your proxies for the 2007 Annual Meeting of Stockholders (the Annual Meeting ) to be held at 2:00 p.m. on Friday, February 16, 2007, at the Marriott Mission Valley, 8757 Rio San Diego Drive, San Diego, California, and at any postponements or adjournments of the meeting, for the purposes set forth in the Notice of Annual Meeting of Stockholders. This Proxy Statement, form of proxy, and the accompanying Jack in the Box Inc. 2006 Annual Report which included the Annual Report on Form 10-K, were mailed to stockholders on or about January 12, 2007.

The Company will pay for the cost of preparing, assembling and mailing the Notice of Annual Meeting of Stockholders, Proxy Statement, form of proxy and Annual Report. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names 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 such beneficial owners. We have engaged D.F. King & Co., Inc. ( D.F. King ) to assist us in the solicitation of proxies, for which the Company will pay a fee not to exceed \$5,500 plus out-of-pocket expenses. In addition to solicitation by mail, proxies may be solicited personally, by telephone or other means by D.F. King, as well as by directors, officers or employees of the Company, who will receive no additional compensation for such services.

**VOTING INFORMATION**

Only holders of record of common stock at the close of business on December 27, 2006, (the Record Date ) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, there were 33,896,816 shares of Jack in the Box Inc. Common Stock, \$.01 par value (the Common Stock ), outstanding, excluding treasury shares. Company treasury shares will not be voted. You are entitled to one vote for each share you own on any matter that may be properly presented for consideration and action by stockholders at the meeting.

*Quorum.* The presence, in person or by proxy, of the holders of at least a majority of the total number of shares of Common Stock entitled to vote is necessary to have a quorum at the Annual Meeting. Abstentions and broker non-votes (described below) 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.

*Broker Non-Votes.* A broker non-vote occurs when your broker submits a proxy card for your shares but does not indicate a vote on a particular matter because the broker has not received voting instructions from you and does not have authority to vote on that matter without such instructions. Under the rules of the New York Stock Exchange, if your broker holds shares in your name and delivers this Proxy Statement to you, the broker, in the absence of voting instructions from you, is entitled to vote your shares on Proposals 1 and 2 and other routine matters.

*Voting and Revocability of Proxies.* Your proxy will be voted as you direct, either in writing or by telephone or Internet. If you give no direction, your proxy will be voted **FOR** the nominees for election as directors, and **FOR** Proposal 2, the ratification of the appointment of KPMG LLP as independent registered public accountants. The enclosed proxy gives discretionary authority as to any matters not specifically

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referred to therein. See Other Business. The telephone and Internet voting procedures, available only if you are a stockholder of record, are designed to authenticate your identity, to allow you to vote your shares and to confirm that your instructions have been properly recorded. The enclosed proxy card sets forth specific instructions that you must follow if you qualify to vote via telephone or Internet and wish to do so. You may revoke your proxy at any time before it is voted at the Annual Meeting by filing a written notice of revocation with the Secretary of the Company at the Company's executive offices at 9330 Balboa Avenue, San Diego, California 92123, by filing a duly executed written proxy bearing a later date or, if you qualify, by a later proxy delivered using the telephone or Internet voting procedures. Your proxy will not be voted if you are present at the Annual Meeting and elect to vote in person. Attendance at the meeting will not, by itself, revoke a proxy.

**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 successors are elected and qualified. The current nominees for election as directors are set forth below. Should any nominee become unavailable to serve as a director, your proxy will be voted for such other person as the Board of Directors of the Company (the Board) designates. To the best of our knowledge, all nominees are and will be available to serve. Stockholders' nominations for election of a director may be made only pursuant to the provisions of the Company's Bylaws, described under Other Business.

Your vote may be cast in favor of the proposed directors or withheld. A plurality of the votes cast at the meeting (assuming a quorum) will be sufficient to elect the directors. Accordingly, withheld votes or broker non-votes will have no effect on the election of directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* ALL NOMINEES.**

**INFORMATION RELATED TO THE  
ELECTION OF DIRECTORS, COMMITTEES OF THE BOARD OF DIRECTORS  
AND MEMBER QUALIFICATIONS**

**Nominees for Director**

The following table provides certain information about each nominee for director as of January 1, 2007:

| <b>Name</b>                  | <b>Age</b> | <b>Position(s) with the Company</b>               | <b>Director Since</b> |
|------------------------------|------------|---|-----------------------|
| Michael E. Alpert(4)(5)      | 64         | Director  | 1992                  |
| George Fellows(4)            | 63         | Director  | 2006                  |
| Anne B. Gust(2)(5)           | 48         | Director  | 2003                  |
| Alice B. Hayes, Ph.D.(2)(5)  | 69         | Director  | 1999                  |
| Murray H. Hutchison(1)(2)(3) | 68         | Director  | 1998                  |
| Linda A. Lang(3)             | 48         | Chairman of the Board and Chief Executive Officer | 2003                  |
| Michael W. Murphy(1)(3)      | 49         | Director  | 2002                  |
| David M. Tehle(1)(4)         | 50         | Director  | 2004                  |



- (1) Current Member of the Audit Committee.
- (2) Current Member of the Compensation Committee.
- (3) Current Member of the Executive Committee.
- (4) Current Member of the Finance Committee.
- (5) Current Member of the Nominating and Governance Committee.

Effective February 16, 2007, the Committees will be reconstituted as described below under 2007 Committee Assignments.

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The business experience, principal occupations and employment of the nominees follows:

*Mr. Alpert* has been a director of the Company since August 1992 and is currently Chairman of the Finance Committee. Mr. Alpert was a partner in the San Diego office of the law firm of Gibson, Dunn & Crutcher LLP for more than five years prior to his retirement in August 1992. He is currently Advisory Counsel to Gibson, Dunn & Crutcher LLP, although he no longer provides services to or receives any compensation from the firm. Gibson, Dunn & Crutcher LLP provides legal services to us from time-to-time.

*Mr. Fellows* has been a director of the Company since November 2006. He has served as President and Chief Executive Officer of Callaway Golf, as well as one of its directors, since August 2005. Prior to joining Callaway, during the period 2000 through July 2005, he served as President and Chief Executive Officer of GF Consulting, a management consulting firm, and served as Senior Advisor to Investcorp International, Inc. and J.P. Morgan Partners, LLC. Previously, he served as President and Chief Executive Officer of Revlon, Inc.

*Ms. Gust* has been a director of the Company since January 2003 and currently serves as Chair of the Nominating and Governance Committee. She served as Executive Vice President and Chief Administrative Officer of The Gap, Inc. from March 2000 until her retirement in May 2005. She joined The Gap, Inc. in 1991 and served in various management roles prior to her appointment as Chief Administrative Officer, including General Counsel. Prior to joining The Gap, Inc., Ms. Gust was a lawyer at the firms of Orrick, Herrington & Sutcliffe LLP and Brobeck, Phleger & Harrison LLP.

*Dr. Hayes* has been a director of the Company since September 1999 and currently serves as Chair of the Compensation Committee. She was the President of the University of San Diego from 1995 to 2003, and is now President Emerita. From 1989 to 1995, Dr. Hayes served as Executive Vice President and Provost of Saint Louis University. Previously, she spent 27 years at Loyola University of Chicago, where she served in various executive positions. Dr. Hayes serves as a director of ConAgra Foods, Inc.

*Mr. Hutchison* has been a director of the Company since May 1998 and serves as Lead Director. He served 24 years as Chief Executive Officer and Chairman of International Technology Corp., a large publicly traded environmental engineering firm, until his retirement in 1996. Mr. Hutchison serves as a director of Cadiz Inc., Cardium, Inc., and is Chairman of the Board of Texas Eastern Products Pipeline Co., LLC.

*Ms. Lang* has been a director of the Company since November 2003. Ms. Lang has been Chairman of the Board since October 3, 2005, and is currently the Chair of the Executive Committee. She has been Chief Executive Officer since October 3, 2005. Ms. Lang was President and Chief Operating Officer from November 2003 to October 2005. She was Executive Vice President from July 2002 to November 2003, Senior Vice President, Marketing from May 2001 to July 2002, Vice President and Regional Vice President, Southern California Region from April 2000 to May 2001, Vice President, Marketing from March 1999 to April 2000 and Vice President, Products, Promotions and Consumer Research from February 1996 until March 1999. Ms. Lang has 19 years of experience with the Company in various marketing, finance and operations positions. Ms. Lang serves as a director of WD-40 Company.

*Mr. Murphy* has been director of the Company since September 2002 and is currently Chairman of the Audit Committee. He has been President and CEO of Sharp HealthCare, San Diego's largest integrated health system, since April 1996. Prior to his appointment to President and CEO, Mr. Murphy served as Senior Vice President of Business Development and Legal Affairs. He began his career at Sharp in 1991 as Chief Financial Officer of Grossmont Hospital before moving to Sharp's system-wide role of Vice President of Financial Accounting and Reporting.

*Mr. Tehle* has been a director since December 2004. He has been Executive Vice President and Chief Financial Officer of Dollar General Corporation, a large discount retailer, since June 2004. 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 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.

**Directors Independence**

The Board has analyzed the independence of each director and determined that the following directors are independent under the New York Stock Exchange listing standards and the additional Director Independence Guidelines adopted by the Board, and have no material relationships with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company):

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Messrs. Alpert, Fellows, Hutchison, Murphy and Tehle, and Ms. Gust and Dr. Hayes. Ms. Lang is not considered independent because she is an officer of the Company. The Jack in the Box Inc. Independence Guidelines are attached hereto as Exhibit A.

**2007 Committee Assignments**

The Board of Directors has approved changes to the Board Committees to be effective February 16, 2007. The Committees shall be as follows:

*Audit Committee*

Michael W. Murphy (Chair)  
Murray H. Hutchison  
David M. Tehle

*Finance Committee*

Michael E. Alpert (Chair)  
George Fellows  
David M. Tehle

*Compensation Committee*

Alice B. Hayes (Chair)  
Anne B. Gust  
Murray H. Hutchison

*Executive Committee*

Linda A. Lang (Chair)  
Murray H. Hutchison  
Michael W. Murphy

*Nominating and Governance Committee*

Anne B. Gust (Chair)  
Michael E. Alpert  
Alice B. Hayes

**Committees of the Board of Directors**

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 as adopted by the Board of Directors. All committee charters can be found in the Corporate Governance section of the Company's corporate website [www.jackinthebox.com](http://www.jackinthebox.com).

*Committee Member Independence.* The Board of Directors has five standing committees: Audit, Compensation, Nominating and Governance, Finance and Executive. The Board has determined that each current and anticipated member of the Audit, Compensation, Nominating and Governance, and Finance Committees is independent as defined under the requirements of the New York Stock Exchange, as well as under the additional Independence Guidelines adopted by the Board. In addition, the members of the Audit Committee are all independent as required under Section 10A(m)(3) of the Securities Exchange Act of 1934, and the members of the Compensation Committee are independent as required under Section 162(m) of the Internal Revenue Code.

*Audit Committee.* As more fully described in its charter, the Audit Committee assists the Board of Directors with the following: 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; and the performance of the Company's internal auditors. The Audit Committee has sole authority to select, evaluate and, when appropriate, to replace the Company's independent registered public accountants. The Audit Committee meets each quarter with the Company's independent registered public accountants, KPMG LLP (KPMG), the Company's Director of Internal Audit, and management 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 Securities and Exchange Commission. The Audit Committee also meets separately each quarter with each of KPMG, management and the Director of Internal Audit. The Board of Directors has determined that all members of the Audit Committee satisfy the financial literacy requirements of the New York Stock Exchange and that each member of the Audit Committee qualifies as an audit committee financial expert as defined by Securities and Exchange Commission ( SEC ) rules. Independence determinations reflect upon both the membership of the above committees as presently constituted and after February 16, 2007. The Audit Committee held seven meetings in fiscal 2006.

*Compensation Committee.* The Compensation Committee assists the Board in discharging the Board's responsibilities relating to director and executive officer compensation and oversees the evaluation of management. The Compensation Committee is also responsible for evaluating the performance of the Chief Executive Officer; reviewing and approving the Company's compensation philosophy and compensation for the Chief Executive Officer and other executive officers of the Company; reviewing market data to assess the

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Company's competitive position regarding compensation; approving the adoption, amendment and administration of incentive compensation and stock-related plans including approving option guidelines and the general size of overall grants, making grants and imposing limitations, restrictions and conditions upon awards; making recommendations to the Board regarding the compensation of directors; and reviewing and making recommendations to the Board regarding long-range plans for management development and executive succession. The Compensation Committee held five meetings in fiscal 2006.

*Nominating and Governance Committee.* The Nominating and Governance Committee assists the Board in identifying and recommending to the Board qualified candidates to become directors, including: considering nominees properly submitted by stockholders; developing and recommending to the Board a set of corporate governance guidelines; providing oversight with respect to the annual evaluation of Board, Committee and individual director performance; and recommending to the Board director nominees for each Board committee. 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 also assists the Board in its oversight of the Corporation's insider trading compliance program. The Nominating and Governance Committee held six meetings in fiscal 2006.

*Finance Committee.* 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, oversight of the Company's pension and 401(k) plans, and the financial implications of major acquisitions and divestitures. The Finance Committee held four meetings in fiscal 2006.

*Executive Committee.* The Executive Committee is currently composed of four directors. In February 2007, the size of the Executive Committee will be changed to three directors. The Committee is authorized to exercise all the 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 2006.

**Additional Information about the Board of Directors**

The Board held five meetings in fiscal 2006. We expect each director to attend each meeting of the Board and the committees on which he or she serves, and also expect them to attend the annual meeting. In fiscal 2006, each director attended 100% of the meetings of the Board and the committees on which he or she served, and all of the then-sitting directors attended the 2006 Annual Meeting.

*Director Compensation.* Directors who are also officers of the Company or its subsidiaries receive no additional compensation for their services as directors. The Board of Directors approved changes to the compensation of the independent directors of the Company effective November 9, 2006 as follows:

**SUMMARY OF DIRECTOR COMPENSATION**

|                          | <b>Fiscal Year 2006</b> | <b>Effective<br/>November 9, 2006</b> |
|--------------------------|-------------------------|---------------------------------------|
| Annual Retainer          | \$ 25,000               | \$ 30,000                             |
| Board Meeting Fee        | \$ 2,000                | \$ 2,500                              |
| Committee Meeting Fee(1) | \$ 1,000                | \$ 1,500                              |

|                                     |    |        |    |        |
|-------------------------------------|----|--------|----|--------|
| Annual Retainer for Committee Chair |    |        |    |        |
| Audit                               | \$ | 10,000 | \$ | 10,000 |
| Compensation                        | \$ | 5,000  | \$ | 5,000  |
| Executive                           |    | None   |    | None   |
| Finance                             | \$ | 5,000  | \$ | 5,000  |
| Nominating & Governance             | \$ | 5,000  | \$ | 5,000  |
| Lead Independent Director           | \$ | 10,000 | \$ | 10,000 |
| Annual Stock Option Grant(2)        |    |        |    |        |

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- (1) The Board determined that commencing in November 2006, meeting fees would not be paid for telephonic Committee meetings.
- (2) Options are granted annually to each non-management director under the Jack in the Box Inc. 2004 Stock Incentive Plan. All options have exercise prices equal to the fair market value of the underlying Common Stock on the date of grant and vest six months after the date of grant. The Board has the discretion to determine the form and terms of awards to directors. The Board's practice has been to award stock options with the number of shares of the Company's stock underlying each option based on the relationship of director compensation to the fair market value of the stock, generally limited to 10,000 shares or less. The annual grant for fiscal 2006 was 4,600 shares granted on November 9, 2006. In addition, a new non-employee director will receive a grant of stock options at the beginning of such director's term. On November 9, 2006, at the commencement of his term of service, Mr. Fellows was granted an option for 9,200 shares. Because the Company inadvertently neglected to provide such a grant at the beginning of her term of service in 2003, Ms. Gust's annual grant of 4,600 shares was increased to 19,600 shares.

The Company does not provide pensions, medical benefits or other benefit programs to non-employee directors. In accordance with Section 145 of the General Corporation Law of Delaware, the Company has executed an indemnification agreement with each of its directors.

Under the Company's Amended and Restated Deferred Compensation Plan for Non-Management Directors, each non-employee director may defer any portion or all of the director's fees or retainers described above. During fiscal 2006 amounts deferred under the plan were immediately converted into stock equivalents at the then-current market price of the Company's Common Stock and matched at a 25% rate by the Company. In 2007 the Board has determined to eliminate the 25% match by the Company of such deferred amounts. Stock equivalents earn dividend equivalents as any dividends are paid on the Company's Common Stock, and these dividend equivalents are immediately converted into additional stock equivalents, as described above. The ending number of stock equivalents credited to a director's stock equivalent account is distributed in shares of the Company's Common Stock on the 60th day following termination of the director's service as a member of the Board and in any other capacity with the Company, unless the director elects a later distribution date, up to two years following the director's termination of service.

*Policy Regarding Consideration of Candidates for Director.* The Nominating and Governance Committee has the responsibility to identify, screen and recommend qualified candidates to the Board. The Nominating and Governance Committee will evaluate any recommendation for director candidates proposed by a stockholder. In order to be evaluated in connection with 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 anniversary of the date proxy statements were mailed to stockholders in connection with the prior 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

Stockholder recommendations should include the name of the candidate, age, contact information, present principal occupation or employment, qualifications and skills, background, last five year's employment and business experience, a description of previous service as a director of any corporation or organization, and other relevant biographical information. There are no stated minimum criteria for director candidates. However, in evaluating director candidates,



the Nominating and Governance Committee considers the following factors:

The appropriate size of the Board.

The needs of the Company with respect to particular talents and experience.

The knowledge, skills and experience of candidates in light of the knowledge, skills and experience already possessed by other members of the Board.

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Experience with accounting rules and practices, and executive compensation.

Applicable regulatory and listing requirements, including independence requirements.

The benefits of constructive working relationships among directors.

The desire to balance the considerable benefit of continuity with the periodic injection of 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. The Nominating and Governance Committee believes it appropriate for at least one member of the Board to meet the criteria for an audit committee financial expert as defined by SEC Rules, and for a majority of the Board to meet the definition of independence under the listing standards of the New York Stock Exchange. The Nominating and Governance Committee also believes it appropriate for certain key members of management to participate as members of the Board.

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. From time to time the Committee may engage the services of outside search firms to help identify candidates. During fiscal year 2006, the Company engaged one such search firm, the Alexander Group, and paid approximately \$98,000 in connection with identification of possible candidates.

After initial screening of a potential candidate's qualifications, the Committee determines appropriate next steps, including requests for additional information, reference checks and interviews with potential candidates. All candidates must submit a completed form of the Company's Directors and Officers Questionnaire as part of the consideration process.

## **Corporate Governance**

The Board of Directors is committed to promoting ethical business practices and believes that strong corporate governance is important to ensure that the Company is managed for the long-term benefit of its stockholders. The Company regularly monitors developments in the area of corporate governance and may modify its Principles and Practices as warranted. Any modifications are reflected on the Jack in the Box Inc. website. ([www.jackinthebox.com](http://www.jackinthebox.com)) The following Corporate Governance documents appear on the Company's website under the Investors, Corporate Governance tabs. These materials are also available in print to any stockholder upon request.

*Corporate Governance Principles and Practices*

*Committee Charters* for the Audit, Compensation, Finance and Nominating and Governance Committees.

*Code of Conduct.* In 1998, the Company adopted a Code of Ethics applicable to all Jack in the Box Inc. directors, officers and employees. The Company actively promotes ethical behavior by all employees. The Company's Director of Ethics has conducted more than 300 ethics training sessions for all levels of employees and officers. The Company also provides significant vendors with its Code of Ethics, as well as procedures for the communication of any concerns. The Company intends to satisfy the disclosure requirements of SEC Regulation S-K Item 406(d) regarding any amendment to, or waiver of, a provision of the Code of Ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, by posting such information on the Company's website

*www.jackinthebox.com*. The Company has not made any such waivers and does not anticipate ever making any such waiver.

*Communications with the Board of Directors.* Stockholders or others who wish to communicate any concern of any nature to the Board of Directors, any Committee of the Board, any individual director or group of directors, may write to the director in care of the Office of the Corporate Secretary, Jack in the Box Inc. 9330 Balboa Avenue, San Diego, CA 92123, or telephone 1-888-613-5225.

*Director Independence Guidelines.* In addition to the Corporate Governance Principles and Practices, the Board has adopted Independence Guidelines, which are attached as Exhibit A.

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Among other matters, the Corporate Governance Principles and Practices include the following items concerning the Board:

1. *Meetings of Non-Management Directors.* The non-management directors of the Company meet separately on a regular basis in executive session. The Lead Director is responsible for setting the agenda and presiding at the meetings.
2. *Lead Director.* The non-management directors appoint a lead director each year to set the agenda for and preside at the executive sessions of the Board. The lead director acts as the primary communication channel between the Board and the CEO, and determines the format and the adequacy of information required by the Board. For fiscal 2007, the non-management directors have appointed Murray Hutchison as lead director.
3. *Limitation on Other Board Service.* The Company's Corporate Governance Principles and Practices set forth the Board's policy limiting non-management directors to simultaneous service on no more than four public companies, including Jack in the Box Inc. The Board has an approval process that generally limits each of our officers to serving on no more than one public company's board outside of Jack in the Box Inc. affiliates. The approval process considers both the time commitment and potential business conflicts and is administered by the Nominating and Governance Committee.
4. *Retirement Policy.* The Board has adopted a retirement policy under which directors may not stand for election or be appointed after age 73.
5. *Board, Committee and Individual Director Evaluations.* Each year the Directors complete an 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 annual self-evaluations completed by the committees.
6. *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 restaurant industry as well as Company personnel, facilities, strategies and challenges. Continuing education programs may include in-house and third-party presentations and programs.
7. *Attendance at Annual Meetings.* The Company's Corporate Governance Principles and Practices sets forth the Board's policy on director attendance at our Annual Meeting of stockholders. It states that all directors shall make every effort to attend the Annual Meeting.
8. *Stock Ownership Guidelines.* The Board has established stock ownership guidelines for non-management directors to appropriately link their interests with those of other stockholders. These guidelines provide that within a three-year period following appointment or election, the director should attain and hold an investment position of no less than 5,000 shares of stock, exclusive of any outstanding stock options but including directly and indirectly held shares and the equivalent number of shares derived from deferral of director compensation. The Board has established ownership guidelines for senior officers as described in the Report of the Compensation Committee.

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**REPORT OF THE AUDIT COMMITTEE**

The following is the report of the Audit Committee with respect to Jack in the Box Inc.'s audited financial statements for the fiscal year ended October 1, 2006.

The Audit Committee of the Board of Directors (the "Audit Committee") is composed of the three directors named below, each of whom is an independent director as defined in the applicable listing standards of the New York Stock Exchange. Our Board has determined that each of the members of the Audit Committee is an audit committee financial expert as defined by the Securities and Exchange Commission. The duties of the Audit Committee are summarized in this Proxy Statement under "Committees of the Board of Directors" on page 5 and are more fully described in the Audit Committee charter adopted by the Board of Directors. The Audit Committee reviews and assesses the adequacy of its charter each fiscal year. The Audit Committee Charter can be found under the Investors/Corporate Governance/Committee Charters tabs on the Jack in the Box Inc. website at [www.jackinthebox.com](http://www.jackinthebox.com).

As more fully described in its charter, one of the Audit Committee's primary responsibilities is to assist the Board in its general oversight of Jack in the Box Inc.'s financial reporting, internal controls and audit functions. Management is responsible for the following: the Company's accounting and financial reporting principles; and establishing, maintaining and evaluating the effectiveness of disclosure controls and procedures as well as internal controls over financial reporting and the preparation, presentation, and integrity of the Company's consolidated financial statements. KPMG, the Company's independent registered public accountants, is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB") and expressing an opinion on the conformity of those audited consolidated financial statements with U.S. generally accepted accounting principles as well as expressing an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

Jack in the Box Inc. has an Internal Audit Department that reports to the Audit Committee and the Company's General Counsel. The Internal Audit Department's responsibilities include reviewing and evaluating the Company's internal controls. The function of the Audit Committee is not to duplicate the activities of management, or the internal or external auditors, but to serve a Board-level oversight role in which it provides advice, counsel, and direction to management and the auditors.

The Audit Committee has sole authority to select, evaluate, approve fees, and when appropriate, to replace the Company's independent registered public accountants. The Committee also pre-approves all audit and non-audit services performed by the independent auditors. The Audit Committee has appointed KPMG as the Company's independent registered public accountants for fiscal year 2007 and has requested stockholder ratification of its appointment.

During the course of fiscal 2006, the Committee met and discussed with representatives of management, the Internal Audit Department staff and the independent auditors the matters over which the Committee has been delegated oversight responsibility. The Committee met regularly in separate private sessions with representatives of management, the Internal Audit Department staff and the independent auditors. The Audit Committee reviewed and discussed with management and KPMG the disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2006. The Audit Committee reviewed and discussed management's report on the effectiveness of the Company's internal control over financial reporting and KPMG's

Report of Independent Registered Public Accounting Firm included in the Company's Annual Report on Form 10-K related to its audit of (i) the consolidated financial statements, (ii) management's assessment of the effectiveness of internal control over financial reporting, and (iii) the effectiveness of internal control over financial reporting.

The Committee discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended and PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements. In addition, the Audit Committee received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with KPMG its independence from the Company.

The Audit Committee has discussed with management and KPMG such other matters and received such assurances from them as the Audit Committee deemed appropriate.

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Based on the reviews and discussions referred to above, and the reports of KPMG, 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 1, 2006, for filing with the SEC.

Michael W. Murphy, Chair  
Murray H. Hutchison  
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.

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FEES AND SERVICES**

The following table presents fees billed for professional services rendered by KPMG for the fiscal years ended October 1, 2006, and October 2, 2005.

|                       | <b>2006</b>  | <b>2005</b>  |
|-----------------------|--------------|--------------|
| Audit Fees(1)         | \$ 1,056,775 | \$ 1,219,155 |
| Audit Related Fees(2) | 65,500       | 67,096       |
| Tax Fees(3)           | 17,907       | 0            |
| All Other Fees        | 0            | 0            |