

**Animal Welfare
at
Jack in the Box Inc.**



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Sharing Responsibility for the Humane Treatment of Animals

Jack in the Box does not raise or process animals, but we're sensitive to animal-welfare issues and have discussed them on our website (www.jackinthebox.com) for years. We require, at a minimum, that all of our suppliers follow industry guidelines and government regulations in an effort to ensure that animals used for our products and in our advertising are treated humanely. But we expect more than that from our suppliers. This Report will describe our expectations, as well as our suppliers' efforts in this important area.

With animal welfare, as with all other issues that impact Jack in the Box, we are mindful of our need to balance the interests of our stakeholders in reaching what we believe are the most ethical and responsible decisions. This isn't always easy. But our decisions are made in good faith based upon our assessment of what is in the best interests of our guests, our employees, our shareholders and our other valued constituents.

Jack in the Box is committed to working closely with our suppliers to learn and grow in this important area. We must continue to examine the research, to learn from animal-welfare experts, and to challenge our suppliers to identify programs and practices they can implement that maximize to the greatest extent possible the humane treatment of animals used in the production of food sold by our restaurants. This Report summarizes our efforts to date. We hope you find it useful.

Our Suppliers' Commitment

Jack in the Box expects businesses that raise and process animals used in our products to maintain stringent protocols for the proper care and treatment of animals throughout all stages of their lifecycle. We fully support our suppliers' efforts and commitment to work with experts in addressing animal-welfare issues, and we encourage continuous and ongoing leadership by them in this arena. We strive to work exclusively with suppliers who, along with their producers and vendors, demonstrate strict adherence to the protocols that have been created by the following industry groups and associations with the input of animal-welfare experts:

Beef and pork suppliers

American Meat Institute ("AMI")
National Pork Board ("NPB")

Poultry

National Turkey Federation ("NTF")
United Egg Producers ("UEP")
National Chicken Council ("NCC")

Dairy cattle

International Dairy Foods Association (“IDFA”)
National Milk Producers Federation (“NMPF”)

Our Expectations

For several years, Jack in the Box has maintained a database of “approved suppliers” who meet our proprietary product specifications and other criteria. These criteria include food safety, allergen control, product-recall management, foreign matter control, good manufacturing practices, proper facility and operation management, food protection and defense, and animal-welfare practices. With respect to animal welfare, our suppliers must comply with the following requirements:

- They must actively maintain animal-welfare programs in facilities involved in the direct handling, transportation, or production of livestock and poultry. These programs must be based on recognized best practices specific to the applicable industry, such as cattle, pigs and poultry.
- Our suppliers are expected to source product only from facilities that annually pass third-party audits based on applicable industry standards for manufacturing practices, including food safety and animal welfare.
- All Jack in the Box suppliers are audited against specific criteria set forth for each industry in accordance with the recommendations of the relevant industry groups listed above.
- Our suppliers must source shell eggs from facilities certified as meeting all United Egg Producers (UEP) guidelines for animal husbandry; shell egg producers must provide us with annual UEP certification letters.
- Facilities involved in animal and bird handling must verify compliance with their animal-welfare programs via regularly scheduled self audits. Deficiencies must be addressed immediately.
- Supplier employees involved in animal and bird handling must receive animal-welfare training upon hire, and must receive on-going training at least annually. We encourage suppliers to recognize and reward employee compliance with respectful handling practices.
- We will not source raw materials from facilities with documented and unremediated records reflecting willful acts of violence, cruelty, or neglect of animals or birds.
- Suppliers must use properly designed and maintained transportation trailers, and must avoid rough driving practices or road conditions, overcrowding and temperature extremes during transportation of animals used in the production of food for Jack in the Box.

- Suppliers must use ramps and unloading areas that are designed to facilitate smooth, safe and efficient loading and unloading of animals.
- We prohibit any use of electric prods on an animal's sensitive areas.
- Suppliers must provide ready access to water and food.
- Suppliers must maintain facilities in a condition that minimizes risk of injury from slips and falls, temperature extremes and overcrowding.
- Suppliers must provide veterinary care for their animals.
- During holding at processing facilities, animals must be able to move about easily, and feed cannot be withheld for more than 24 hours.
- The stunning process must render animals immediately insensible.
- Suppliers must immediately notify Jack in the Box if a failure occurs pertaining to any of the above requirements.

In addition to our specification requirements, all suppliers of animal products to Jack in the Box must certify their compliance with our manufacturing standards. In the event of non-compliance, we believe that continuous improvement rather than termination strengthens our suppliers' ongoing animal-welfare practices. At our discretion we will work with suppliers to improve their performance on our animal-welfare criteria. But we will take action, including removal from our approved list, for chronic non-compliance or egregious violations.

Embracing Best Management Practices

This section describes in greater detail our efforts to ensure that every facility that provides beef, poultry, eggs, pork, dairy and fish for use in Jack in the Box restaurants complies with appropriate animal-welfare criteria for its specific industry.

Beef and Pork:

In May 2008, Jack in the Box implemented a requirement that all domestic and foreign beef suppliers pass an annual audit administered by an accredited auditing company or firm. Previously, approximately one-third of our beef suppliers underwent such audits on an annual basis.

Areas evaluated during these comprehensive audits include animal welfare, specific risk material assessment, good manufacturing practices and food-safety systems, and risk-based sampling for E.coli O157:H7 in ground beef.

At beef-production facilities in the U.S., Silliker, Inc., or Food Safety Net Services (“FSNS”) performed our 2008/2009 audits, and all of our suppliers passed. These audits adhere to AMI guidelines developed by world renowned animal-welfare expert, Dr. Temple Grandin, Professor of Animal Science at Colorado State University. They are performed by auditors certified by the Professional Animal Auditing Certification Class Organization, (“PAACO”), which promotes the humane treatment of animals.

Jack in the Box currently employs a product manager actively involved in protein procurement who has successfully completed coursework and written examination required for PAACO certification, which is expected in 2010.

In Australia and New Zealand, AUS-MEAT Limited audited our beef suppliers using similar criteria. This auditing firm has been certified by RABQSA, a leading international organization, which relies upon the personnel certification activities of U.S.-based Registrar Accreditation Board (RAB) and the Australian-based Quality Society of Australasia (QSA). All of our domestic and foreign suppliers passed their 2008 audits.

Jack in the Box Pork suppliers must adhere to animal-welfare standards prescribed by the AMI and NPB. All of the abattoirs supplying pork raw materials to Jack in the Box are audited by trained on-site auditors, veterinarians and third-party auditors certified by PAACO or by Farm Animal Care Training and Auditing (“FACTA”), an independent, science-based organization comprised of credentialed auditors and educators. Third-party auditors include Silliker, FSNS and The Steritech Group.

Additionally, many of our direct pork suppliers are certified in the Pork Quality Assurance program (“PQA Plus”), a NPB-developed program that focuses on animal well-being and food safety. Achieving PQA Plus certification is a three-part process:

1. employees must attend an educational and training session;
2. farms must be evaluated on various criteria; and
3. farms must be willing to undergo random, statistically valid, third-party evaluations.

The following are baseline standards of compliance for all cattle and hogs raised, transported and processed by our suppliers:

Transportation and unloading

- Animals must be transported in a manner that promotes good health and condition, including adequate protection from inclement weather and sufficient area for movement. Trailers must be cleaned regularly and have slip-resistant ramps.

- Animals must be allowed to rest following unloading, and the unloading area must be in good condition, free of broken gates, sharp edges or other impairments that could cause injury.

Holding and handling prior to processing

- Holding pens must be cleaned regularly, allow animals to move freely, and must have slip-resistant floors.
- Animals in holding pens must have unrestricted access to clean, potable water, as well as feed, if they are to be held in them for more than 24 hours.
- Holding pens must provide animals adequate protection from inclement weather and extreme temperatures.

Processing

- Animals must be processed in a humane manner that adheres to the manufacturing standards established by state and federal governments as well as the industry and trade associations mentioned above.

Poultry and eggs

Jack in the Box poultry suppliers are typically vertically integrated and raise their own birds for the production of their products. Trained on-site auditors perform audits of these suppliers, as do veterinarians, third-party PAACO-certified auditors, and UEP- approved auditors Validus (also PACCO-certified) and the U.S. Department of Agriculture (“USDA”).

Our poultry and egg suppliers are required to manage their flocks in accordance with animal-welfare standards set forth by the NCC and UEP, including the following:

Housing

- Hatcheries must have systems that prevent injuries to the birds.
- Hatcheries must provide ventilation, lighting and warmth for birds.
- Laying houses must provide adequate feed, water, ventilation, lighting, warmth and space for birds.
- All birds must be provided feed that promotes good health.
- Suppliers must provide veterinary care to their birds.

Transportation and unloading

- Suppliers must transport and handle all birds in a manner that promotes good health and condition, including providing sufficient space in transport cages for comfortable movement and protection from inclement weather.
- Suppliers must maintain and secure cages to the trucks to prevent them from falling.

Holding and handling prior to processing

- Birds must be handled carefully to protect them from injury during loading and unloading.
- Cages must be handled carefully at all times to protect the birds. Subdued lighting must be used to keep birds calm.
- Holding areas must maintain a comfortable temperature and ensure adequate ventilation for the birds.

Processing

- Birds must be processed in a humane manner that adheres to the manufacturing standards established by state regulation and the industry and trade associations mentioned above.

Dairy animals

As science and practical experience expand our understanding of dairy animal well-being, suppliers continue to improve animal care and management practices. The National Dairy Animal Well-Being Initiative, which is a producer-led coalition representing every sector of the dairy industry, has developed the following principles and guidelines. We support these guidelines and encourage our suppliers to embrace them. These guidelines include the following:

Nutrition

- Animals and animal groups should have access to a nutritionally adequate diet and clean, fresh water, and be fed in a way that promotes health and reduces the risk of disease.
- All calves should receive colostrum or colostrum replacer and be fed in a way that promotes health and reduces the risk of disease.

Animal Health

- The health of all animals and animal groups should be maintained through preventive care programs augmented by rapid diagnosis and treatment when necessary.
- Dairy operations should have management protocols for painful procedures and conditions, and for special needs cattle, such as those with a physical or medical condition that requires additional care and/or monitoring.

Management

- To promote animal well-being animal caretakers should be adequately trained, follow protocols and have access to record systems to meet the requirements of their position.
- The operation should have a herd health plan as well as training and protocols for handling, transporting and caring, and euthanasia for cattle for all ages and health conditions.

Housing and Facilities

- Facilities should be designed, constructed and maintained to provide and promote animal health, comfort and safety.
- All cattle should be given space to stand, lie down, and turn around without difficulty, provided an environment that is clean and dry and be protected from seasonal weather extremes.

Handling, Movement, and Transportation

- All animals and animal groups should be handled, moved and transported in a manner that reduces the risk of the potential for injury, discomfort or disease.
- Facilities should be designed and maintained so animals can be moved in a manner that reduces the risk of slips, falls and collisions. Employees should be trained to follow appropriate handling, movement and transportation protocols.

Third-Party Verification

- Assuring on-farm dairy animal well-being requires third party verification. All dairy animal well-being programs should include third party verification to assure the program is able to demonstrate our commitment to meeting our ethical obligation to provide for the well-being of animals in the U.S. dairy industry.

Fish

The Jack in the Box menu includes one fish item. This item is made with deep-skinned Alaska Pollock, which is completely sourced from Alaskan waters. Alaska Pollock lives in the wild in the ocean and is not penned or farm-raised. Alaska Pollock fishing is closely regulated by the National Oceanic and Atmospheric Administration to ensure sustainability, prevent over fishing, and to regulate the catch of other sea animals. Alaska Pollock are caught using mid-water trawl nets, which have minimum effect on the environment as they do not drag along the ocean bottom, disrupting other sea life. Once the season limit has been reached, no additional fishing is permitted.

Jack in the Box requires that its suppliers agree to source fish from harvesters who have committed to and demonstrate humane treatment of sea animals. Jack in the Box will not source from catchers or processors involved in willful acts of animal abuse.

Our seafood suppliers and processors each have animal-welfare policies that address their commitment to the humane treatment of fish and sea animals, and their supplier audits include animal-welfare criteria.

Continuous Improvement

To help ensure that we remain apprised of issues pertaining to animal welfare, including advancements in research and production technology, we regularly consult with our suppliers and government and industry experts, review current scientific literature and trade publications, and attend industry conferences.

We also invite leading experts in the area of animal welfare to our corporate offices for discussions with our leadership and supply-chain, food-safety and quality excellence personnel. For example, in July 2008 Jack in the Box Inc. hosted a discussion with Dr. Temple Grandin, Professor of Animal Science at Colorado State University. Dr. Grandin is a preeminent authority on animal behavior and is a leading designer of livestock handling facilities. And in February 2009 Jack in the Box Inc. hosted our first Beef-Safety Summit and invited all of our beef suppliers to our San Diego Innovation Center for a discussion with Kellye Pfalzgraf, DVM. Dr. Pfalzgraf is a noted animal-welfare specialist and serves as chairman of the AMI Animal Welfare Committee.

Perspectives on Housing and Stunning

Among the animal-welfare challenges that have attracted considerable attention in recent years are housing environments for sows and egg-laying hens and stunning methods, especially for chickens. The discussion that follows presents our thinking about these issues and our efforts to address the challenges presented.

Housing – Sows

Gestation stalls, sow stalls or crates are commonly used to house pregnant sows during the approximately 4-month gestation timeframe. In contrast to group housing that includes groups of as many as 10 to 100-plus sows (depending on feeding systems), gestation stalls are small pens that house each sow individually.

The debate surrounding the use of gestations stalls typically centers on whether the restrictive environment associated with such stalls offsets their many animal-welfare benefits. These benefits include the prevention of injuries to the sow and piglets, the elimination of competition for feed and the hostile behaviors associated with such competition, and the ability to ensure effective monitoring by veterinarians. Those opposed to gestation stalls claim that the use of such stalls results in elevated rates of weakened bones, lameness, and other developmental issues.

Scientific literature holds a wealth of documentation of the animal-welfare strengths and weaknesses of both gestation stalls and group housing. The research generally concludes that either method is adequate if properly administered and that further research is necessary to understand which method or combination of methods are actually best for the animals. Some studies are underway that may support a combination of systems that allow hogs to move between individual spaces, such as stalls, and group settings as they so choose, and Jack in the Box is closely monitoring such studies.

Although difficult to determine due to the thousands of producers in the U.S., the Humane Society recently estimated that at least 80 percent of all pregnant sows in the United States are housed in gestation stalls. Given the vast number of indirect producers with whom our suppliers contract, Jack in the Box cannot estimate the percentage of our pork raw materials sourced from crate-free environments. Some larger producers have committed to increasing the use of group housing. Others either have concluded that group housing is not demonstrably more humane than gestation stalls, or are monitoring the research on this issue as a guide to their future actions.

Certain states, such as Arizona and Colorado, have passed legislation in favor of group housing, and farms in those states are phasing out gestation stalls. The pork industry is closely monitoring the impact of the expanded use of group housing in these states and is gaining additional real-world insight into the relative animal-welfare benefits and problems associated with this form of housing.

Given the inconclusive nature of the research at this point, the most critical issue in ensuring humane treatment of gestational sows is not their housing system, but rather the animal husbandry practices of those that care for the sows on a daily basis. Jack in the Box is paying close attention to the research and is consulting with experts regarding gestation stalls for sows. But we believe the most important steps we can take at this time is to promote and encourage humane animal husbandry practices of our suppliers, monitor these practices, and encourage change only when research points to definitive conclusions regarding the relative merits of one form of gestational housing over another.

Housing – Egg-laying Hens

In recent years, a debate has arisen surrounding the housing environment of egg-laying hens in commercial egg production. Currently, caged layer housing systems utilizing battery cages provide 67 to 76 square inches of space per bird and account for approximately 95 percent of all egg production in the U.S.

While there is extensive scientific research on the subject of cage versus non-cage systems (cage-free or free-range), findings are inconclusive as to whether one housing system is clearly superior to the other. As summarized below, both have animal-welfare advantages and disadvantages, and both are humane if properly managed:

	Advantages	Disadvantages
Cage Systems	<p>Protect birds from many soil-borne diseases; easier for handlers to monitor bird health.</p> <p>Better environmental control (temperature regulation and air quality).</p> <p>Small group size means fewer incidences of pecking and cannibalism.</p> <p>No risk of predation.</p> <p>Cleaner eggs result in safer eggs for consumers.</p> <p>Increased egg production.</p>	<p>Limit hens' natural behaviors and movements, i.e., dust bathing, wing flapping.</p> <p>Less exercise may result in reduced bone strength.</p> <p>Caged layer fatigue and increased risk of osteoporosis.</p>
Non-Cage Systems	<p>More freedom and movement.</p> <p>More exercise contributes to increased bone strength.</p> <p>Enriched environment provides for more natural and typical behaviors.</p>	<p>Higher mortality rate.</p> <p>Increased risk of feather pecking and cannibalism.</p> <p>Increased exposure to wild birds and other diseases.</p> <p>Increased risk to manure-borne diseases and parasites – dirtier eggs can result in higher pathogen counts and food safety risks to consumers.</p> <p>Higher incidence of bone breakage despite stronger bones. Higher dust concentrations and ammonia in litter systems.</p> <p>More difficulty inspecting and catching hens.</p> <p>More difficulty in managing flocks.</p>

Animal-welfare advocates contend that hens in battery cages are mistreated and have their food intake restricted during induced molting periods. While such practices may once have been common, industry animal-welfare guidelines were updated in 2006 to disallow them. Today, hens must have continuous access to feed and water. Additionally, lighting, ventilation and temperature-control of houses must be regulated and have back-up systems, such as generators, in the event of power failures. Jack in the Box requires its egg suppliers to adhere to these updated standards and monitors for compliance.

Similarly, our suppliers are expected to follow industry-recognized animal-welfare guidelines, and these guidelines are strictly enforced by farms that supply eggs to Jack in the Box. To minimize the risk of bone breakage, everyone involved in handling and transport of pullets and hens must be trained and knowledgeable. While the prevailing research suggests that osteoporosis is worse in caged hens versus cage-free hens, only 5 percent of hens in caged housing sustain broken bones at time of lay compared to 25 percent of hens in cage-free systems, primarily due to falling off perches or flying into other objects.

We continue to monitor the research and to consult with animal-welfare experts. Based on this work and on our observations while touring different housing systems, we feel that egg production in conventional cage systems provides a humane environment for the egg-laying hens, while simultaneously providing our guests with the safest and most affordable product. As learnings evolve and technology advances, Jack in the Box will continue to work with our suppliers to embrace best management practices in the care of their flocks.

Chicken stunning

The vast majority of chicken suppliers in the U.S., Canada and European Union stun their flocks in water baths with a low-voltage electrical current. In recent years an emerging technology called controlled-atmosphere stunning (“CAS”) is garnering support as a possible alternative to the common practice of electrical stunning a variety of species, including chickens. CAS systems utilize carbon dioxide or argon gas in cabinets or chambers to displace oxygen and render animals unconscious. Unlike electrical stunning, CAS allows a group of animals to be stunned simultaneously, thereby eliminating the need for a supplier’s employee to physically move single animals forward for individual stunning.

While CAS is a developing technology that shows promise as an alternative stunning method, prevailing scientific research finds that CAS has no animal-welfare advantage over the current process of stunning. In fact, three recent studies have underscored this point.

1. According to a July 2007 position statement issued by the American Association of Avian Pathologists and the American College of Poultry Veterinarians:

“Physiologic evaluation has failed to demonstrate any welfare advantage of any CAS system over other accepted poultry electrical stunning methods in the United States. Specifically, pulsed DC or AC low-voltage stunning (the current U.S. industry standards) allows plants to achieve instant electro-anesthesia at rates exceeding 99.95 percent efficiency when properly applied, as denoted by EEG monitoring and physical examination ... The alternative CAS systems, while viable, do not offer any known animal-welfare advantages and may in fact be associated with poultry excitation and injury prior to loss of consciousness.”

2. In late 2008, animal-welfare experts advising the Food Marketing Institute (FMI) and the National Council of Chain Restaurants (NCCR) reviewed CAS technology and its impact on the animal welfare of poultry. Following their review, in November 2008 they issued a statement concluding, in pertinent part:

“Unresolved questions still exist about the welfare effects of the individual gases and gas mixtures (e.g. CO₂, argon, N₂) used for controlled atmosphere stunning (CAS)...The results of research are ambiguous...Further research is needed on the effects of the use of CO₂ and other “anesthetic” gases for CAS, including consideration of their potential impact on human health, the environment and food supply economics....Therefore, the FMI-NCCR Animal Welfare Advisors recommend that the poultry industry continue its efforts to identify more humane methods of slaughter...there is a need for objective, peer reviewed, scientific research to further assess the humaneness of CAS.”

3. Results of a survey published in November 2009 by McDonald's Corp. and two of its poultry suppliers, Tyson Foods Inc. and Keystone Foods LLC, found that CAS is not a more humane alternative to the conventional stunning technique. According to published reports, this is the first evaluation of CAS at the commercial level.

Research does suggest that properly managed CAS systems generally do not require birds to be physically handled and shackled or otherwise secured, a process that can cause stress among birds and heighten the risk of injury to handlers. However, the overall animal-welfare benefits of CAS, if any, are inconclusive at best.

There are, at present, very few known facilities in the U.S. and Canada that utilize CAS systems in the processing of chickens. None of these render fully cooked product, which is a requirement for Jack in the Box. We nevertheless encourage continued research into CAS and other technologies that could have animal-welfare advantages, and we will continue to work with recognized experts and evaluate our expectations of our suppliers as research and technology in this area evolve.

Turkey stunning

Although CAS systems for chickens are not currently available on a widespread, commercially viable basis, other protein suppliers have successfully integrated CAS into their operations. Jack in the Box does source materials rendered at these facilities. For example, among the products in development and test at Jack in the Box is one that uses sliced turkey meat. Jack in the Box currently sources 100 percent of our turkey needs from a domestic facility that uses CAS technology.

Hog stunning

The pork industry has mixed opinions on the use of CAS. Some facilities have transitioned completely to CAS systems while others are planning a complete transition. Others are continuing to evaluate the respective benefits and drawbacks of one system versus the other. Proponents of CAS cite improved meat quality (i.e., decreased blood spots, broken bones, bruising, increased yield) while those either neutral or in favor of continued use of electrical stunning have not observed these benefits and/or have concerns with their breeds' responses to the gas. Financial implications associated with CAS also create obstacles to its widespread adoption; the recommended design for CAS involves elevator-style pens that are lowered in to a gas-filled chamber. This requires extensive equipment and facility redesign.

Jack in the Box sources raw materials for approximately 10 percent of our bacon and sausage patty needs from suppliers who have successfully integrated CAS systems into their operations. This gives us some level of visibility into the relative merits and limitations of CAS when it comes to pork production. As with the other issues addressed in this Report, we continue to monitor the research, consult with experts, and work with our suppliers in evaluating the animal welfare, food safety, and financial implications of the various methods of hog stunning.

Animals in Advertising

Animals are occasionally used in Jack in the Box television commercials. In recent years, for example, cattle, horses and chimpanzees have been involved in production shoots.

To ensure that all animals are treated in a safe and humane manner, we notify the American Humane Association ("AHA") Film & Television Office whenever we have a commercial shoot involving an animal. An AHA representative is invited to the shoot to ensure that necessary precautions are followed for the animal's safety, well-being and comfort. Once the spot is complete, we send a rough cut to the AHA for review, after which the AHA provides us with a letter assuring that the animal was treated in a humane manner during production. As a matter of procedure, we forward a copy of the letter to the networks on which the spot is scheduled to air.

Qdoba Mexican Grill®

In addition to our Jack in the Box restaurants we also operate and franchise approximately 500 Qdoba Mexican Grill restaurants through a wholly owned subsidiary, Qdoba Restaurant Corporation. Qdoba restaurants are currently located in 42 states as well as the District of Columbia.

All raw materials suppliers to Qdoba must abide by the same industry guidelines and government regulations pertaining to animal welfare and food safety as our Jack in the Box suppliers. Specific criteria on these requirements are incorporated into Qdoba's Supplier Quality Management System ("SQMS"), which requires all protein suppliers involved in the raising, transportation and processing of animals used for Qdoba products to provide it with documentation of their animal-welfare programs as well as certifications of annual third-party audits. Approved auditing companies include FSNS, Silliker, Process Management Consulting ("PMC") and Agricultural Marketing Service ("AMS"). As with our Jack in the Box suppliers, Qdoba's direct suppliers are audited based on criteria developed by industry groups like AMI and UEP.

As we do for our Jack in the Box products, we source raw pork materials from suppliers who use CAS at their abattoirs. We estimate that approximately 90 percent of all raw pork materials for Qdoba are sourced from these suppliers. Given the preponderance of pork producers who utilize gestation crates in their operations, we estimate a minimal amount of raw materials are sourced from crate-free environments.

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