

**JACK IN THE BOX INC.  
CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES**

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**Amended and Restated August 4, 2005**

A. THE ROLE OF THE BOARD OF DIRECTORS

1. Direct the Affairs of the Company for the Benefit of Shareholders

The Board believes that the primary responsibility of directors is to oversee the affairs of the Company for the ultimate benefit of shareholders.

The Board agrees that day-to-day management of the Company is the responsibility of management and that the role of the Board is to oversee management's performance of that function.

2. Long-Range Strategy Development

The Board believes that long-range strategic issues should be discussed as a matter of course at regular Board meetings.

3. Review of Financial Goals and Performance

The Board reviews the annual operating plan and specific goals at the start of the fiscal year and reviews financial performance quarterly (actual and in comparison to plan). The Board believes it is important to establish and evaluate longer-term objectives and not to over emphasize short-term performance.

4. Ethical Business Environment

The Board believes that the long-term success of the Company is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates.

Board and committee agendas and materials are established with legal and regulatory requirements in mind. An effective Business Ethics Program has been established at the Company pursuant to the recommendations of the Federal Sentencing Guidelines for Organizations. The Board expects that management will conduct operations in the manner outlined in this program.

5. CEO Performance Evaluation

The Board believes that CEO performance should be evaluated annually and as a regular part of any decision with respect to CEO compensation. The Compensation

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Committee will evaluate CEO performance in the course of approving CEO salary, bonus and long-term incentives. The Committee will review and approve annual and long-term performance goals for the CEO and evaluate CEO performance against such goals. The Committee meets annually with the CEO to receive his recommendations concerning such goals and to discuss his performance against the prior year's goals.

The CEO's performance, salary, bonus and long-term incentives will be reviewed by the Board (with the CEO and other employees excusing themselves from the meeting) following the Committee's action. The Chairman of the Compensation Committee reviews comments of the Board with the CEO following each such meeting, as appropriate.

The Board believes that evaluation of the CEO should be a subjective process, based on both qualitative and quantitative factors, including but not limited to performance of the business, the long-term compensation of CEO's in the food service industry and industry in general, and the nature and value or compensation in prior years.

#### 6. Succession Planning

The Board expects that the Compensation Committee will assist it as a working group that makes recommendations regarding succession planning. The Executive Committee will also review and advise on management succession issues, including a recommendation to the full Board for selection of a new CEO. The Board will establish the practice of having the CEO annually review with the full Board the abilities of the key senior managers and their likely successors. Additionally, the outside directors will consider management succession issues when it meets in executive session.

#### 7. Compensation of Other Executive Officers

The Board has delegated authority to oversee compensation and benefits plans to the Compensation Committee.

### B. BOARD STRUCTURE

#### 1. Director Qualifications

The Company and its shareholders are well served when its directors bring to the Board a variety of perspectives and skills derived from high quality business and professional experience. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the best interests of our stockholders. They must also have an inquisitive and objective perspective and mature judgment.

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The Nominating and Governance Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment includes issues of diversity and skills, all in the context of an assessment of the perceived needs of the Board at that point in time.

Currently the following factors are considered in reviewing possible candidates for nomination as director:

- the appropriate size of the Company's Board of Directors and its Committees;
- the perceived needs of the Board for particular skills, background and business experience;
- the skills, background, reputation, and business experience of nominees;
- the skills, background, reputation, and business experience already possessed by other members of the Board;
- nominees' independence from management;
- nominees' experience with accounting rules and practices;
- nominees' background with regard to executive compensation;
- applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;
- the benefits of a constructive working relationship among directors; and
- the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

Director candidates must have sufficient time available, in the judgment of the Nominating and Governance Committee, to perform all Board and committee responsibilities. Board members are expected to prepare for, attend, and participate in all Board and applicable Committee meetings.

Other than the foregoing there are no stated minimum criteria for director nominees, although the Nominating and Governance Committee may also consider such other factors as it may deem, from time to time, are in the best interests of the Company and its stockholders. The Nominating and Governance Committee believes that it is preferable that at least one member of the Board should meet the criteria for an "audit committee financial expert" as defined by SEC rules. Under applicable listing requirements at least a majority of the members of the Board must meet the definition of "independent director."

It is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the

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Board. There should, however, be an opportunity for the Board through the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances.

#### **2. Majority of Independent Directors**

The Board believes that no more than two directors should be currently employed by the Company. The Board will have a majority of directors who qualify as independent under the listing standards of the New York Stock Exchange (“NYSE”) and the additional standards adopted by the Board as follows:

- a. A director shall not be independent if he or she is 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 shall not be independent if he or she is 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.
- c. A director shall not be independent if he or she is 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 Nominating and Governance Committee as well as the Board, shall annually review the relationships that each director has with the Company to insure compliance with NYSE listing standards and requirements otherwise imposed by law or regulation. Only those directors who the Board affirmatively determines have no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered independent.

#### **3. Limitation on Other Board Service**

In order to promote effective service to the Board, no non-employee director should simultaneously serve on the boards of directors of more than three other public companies. A director should not accept an offer to serve as a director on the board of another public company without first informing and obtaining the approval of the Nominating and Governance Committee.

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#### 4. Term Limits

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the board as a whole. As an alternative to term limits, the Nominating & Governance Committee will review each director's continuation on the Board annually. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

#### 5. Retirement Age

No person may be elected, re-elected or appointed as a director after such person has reached the age of 73.

#### 6. Director Responsibilities

The basic responsibility of the directors is to fulfill their fiduciary duties to the Company and its shareholders. They will exercise their business judgment to act in what they reasonably believe to be in the best long term interests of the Company and its shareholders. The Company will purchase reasonable directors' and officers' liability insurance on behalf of the directors and will indemnify them to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements.

In making decisions, the directors should give primary consideration to the Company's economic objectives. However, the directors should also be concerned that the Company conducts its affairs with due appreciation of public expectations, taking into consideration law, public policy and ethical standards. Furthermore, pursuit of the Company's economic objectives will often include consideration of the effect of corporate policies and operations on the Company's employees, the public and the environment. Constituency considerations are best understood not as independent corporate objectives but rather as factors that may be taken into account in pursuing the best long-term interests of the Company and its shareholders.

#### 7. Size of the Board

The Board believes that the Board should not be too large, but understands that the size of the Board will fluctuate from time to time depending on circumstances. The Nominating and Governance Committee has recommended, and the Board agrees, that the current optimum size for the Board is nine to eleven directors. The Nominating and Governance Committee regularly assesses the needs of the Board for various skills,

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background and business experience in determining if the Board requires additional candidates for nomination.

#### **8. Identifying and Evaluating Candidates for Nomination as Director**

The Board believes that directors should be nominated for Board approval by the Nominating and Governance Committee of the Board, which consists entirely of outside directors.

The Nominating and Governance Committee annually evaluates the current members of the Board of Directors whose terms are expiring and who are willing to continue in service against the director qualifications as set forth above in determining whether to recommend these directors for election.

Candidates for nomination as director are generally sought through retention of a third-party search professional but also may come to the attention of the Nominating and Governance Committee from time to time through incumbent directors, management, stockholders or third parties. These candidates may be considered at meetings of the Nominating and Governance Committee at any point during the year. Such candidates are evaluated against the criteria set forth above. If the Nominating and Governance Committee believes at any time that the board requires additional candidates for nomination, the committee may also poll directors and management for suggestions or conduct research to identify possible candidates.

The Nominating and Governance Committee will evaluate any recommendation for director nominee proposed by a stockholder. In order to be evaluated in connection with the Nominating and Governance Committee's established procedures for evaluating potential director nominees, any recommendation for director nominee submitted by a stockbroker must be sent in writing to the Corporate Secretary 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 and must contain the following information:

- The candidate's name, age, contact information and present principal occupation or employment; and
- A description of the candidate's qualifications, skills, background, and his/her business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed or served as a director.

All directors and director nominees must submit a completed form of directors' and

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officers' questionnaire as part of the nominating process. The evaluation process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Governance Committee.

The Nominating and Governance Committee will evaluate incumbent directors, as well as candidates for director nominee submitted by directors, management and stockholders consistently using the criteria stated in this policy and will select then nominees that in the Committee's judgment best suit the needs of the Board at that time.

#### 9. Director Orientation and Continuing Education

Informed decision making is a key requirement for corporate directors. Therefore, the purpose of this program is to accelerate the learning curve of new directors and enhance the overall effectiveness of existing directors while respecting and maximizing the use of the directors' time.

##### a. New Director Orientation

It usually takes some time for new directors to become acclimated to a board, even if they have experience serving on other boards. Therefore, the new director will be given a baseline of knowledge about the company and the restaurant industry upon which he or she can build upon over time. This initial process will familiarize the new director with key corporate documents, policies, personnel and facilities. This initial orientation consists of receiving access to certain data followed by up to two days at the Company's Corporate Support Center and Innovation Center meeting senior staff, obtaining a working knowledge of the business and touring office, research and restaurant facilities.

##### b. Continuing Director Education

A director's job is increasingly complex and challenging because of the complexity of today's companies and constantly evolving corporate governance mandates. Thus, the job of director is much different than the job of a CEO, CFO, investment banker or other professional. Many directors have the fundamental skills to be a director, but without the proper education and training, these skills may be unused, underused, or misused thus creating the potential for personal and corporate liability. Therefore, to maximize each director's effectiveness, the Board has adopted a program of continuing education. It consists of: 1) Periodic presentations by experts at regular Board meetings of "best practices", 2) Monthly educational publications provided to each director regarding current corporate items of interest, 3) Attendance at an appropriate outside educational seminar for board members approximately every other year. The Company will pay directors' reasonable expenses and provide a list of appropriate seminars from time to time.

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#### 10. Board Evaluation

##### a. Individual Director Evaluation

Annually, each director will use the recommended form to evaluate their recent service on the Board of Directors and its committees. Every other director will also evaluate that member's service anonymously on a form addressing the same points and will indicate whether or not it's felt that the director should be nominated for re-election. All forms will be submitted to a third party for tabulation. A summary of results for each director will be provided by the third party to the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee will determine for each director if there are substantial performance issues. The Chair of the Nominating and Governance Committee, or his designee, will then report each director's status to the director as soon as possible. For those having significant performance issues, the Nominating and Governance Committee, working with the individual, will develop a remedial plan. The progress toward achieving the remedial plan will be weighed by the Committee in determining, at the November meeting, whether or not to recommend re-nomination of the director.

##### b. Board Evaluation

The Nominating and Governance Committee will collect comments from directors regarding the performance of the Board including its structure, composition, agenda, processes and schedule to consider whether it is functioning well in view of its responsibilities and the evolving situation of the corporation. That assessment will be discussed with the full Board on an annual basis.

The Nominating and Governance Committee will review the structure of the Board Committees in connection with its review of the Board.

#### 11. Director Compensation and Share Ownership

The Board believes that level of director compensation generally should be competitive with that paid to directors of other corporations of similar size in the United States. The Compensation Committee is responsible for making recommendations to the full Board with respect to director compensation. The full Board approves director compensation and benefits programs.

The Board also believes that director compensation should be tied, in part, to corporate performance. Stock options may be granted under the 2004 Stock Incentive Plan. Additionally, pursuant to a deferred compensation plan offered, directors have the opportunity to defer fees whose future value will be tied to stock performance. These

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plans help to further align director interest with those of shareholders. It is expected that each non-employee director will hold at least 5,000 shares of stock within three years of joining the Board. The 5,000 shares shall be exclusive of any out standing stock options, but any directly or indirectly held shares of the Company's stock and the equivalent number of Company shares derived from deferral of director compensation shall be counted toward the 5,000 shares. The Board has agreed that the Compensation Committee should continue to review and make recommendations to the Board with respect to linkage between director compensation and corporate performance.

The Board believes that directors should have a financial interest in the Company.

#### **C. MEETINGS OF THE BOARD OF DIRECTORS**

##### **1. Selection of Chairman of the Board**

The Chairman of the Board may be an officer/director or an outside director and may or may not be the same individual as the CEO, at the option of the Board. Similarly the Chairman of the Executive Committee may be an outside director or an officer/director who may or may not be the same individual as the CEO. The Board believes it should be free to make these determinations depending on what it believes is best for the Company in light of all the circumstances.

##### **2. Lead Director**

The independent directors shall appoint a lead director each year to perform the following functions. The position of lead director shall be compensated at a fee to be determined by the Compensation Committee.

- a. Set agenda for the executive sessions of the Board.
- b. Preside at the executive session of the outside directors.
- c. Act as the main communication channel between the Board and the CEO.
- d. Determine the format and adequacy of information the directors receive.

##### **3. Attendance at Annual Meeting of Stockholders**

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. The company believes that annual meetings provide an opportunity for stockholders to communicate with directors. All directors shall make every effort to attend the Company's Annual Meeting of Stockholders. The Company will reimburse all

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reasonable out-of-pocket traveling expenses incurred by directors attending the Annual Meeting.

#### 4. Frequency of Meetings

The Board believes that the number of scheduled Board meetings should generally be five annually but may vary with circumstances and that special meetings should be called as necessary. While the Board recognizes that directors discharge their duties in a variety of ways, including personal meetings and telephone contact with management and others regarding the business and affairs of the Company, the Board feels it is the responsibility of individual directors to make themselves available to attend both scheduled and special Board meetings and committee meetings on a consistent basis.

#### 5. Executive Sessions of the Outside Directors

It is the policy of the Board for outside directors to have the opportunity to meet in executive session after each Board meeting. Topics at executive sessions include CEO compensation and performance (no inside directors are present), management succession (the CEO is generally present), management's proposed strategic plan, and other topics determined by the Board and the CEO (the CEO may or may not be present during these discussion, at the option of the Board). Following each executive session, the results of deliberations and any recommendations should be communicated to the full Board by the lead director.

#### 6. Access to Management

Board members have complete access to management. It is assumed that Board members will use judgment to ensure that contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the CEO and the Chairman.

#### 7. Attendance of Non-Directors at Meetings

The Board believes that the CEO should have discretion to invite the members of management the CEO deems appropriate to attend the Board meetings, subject to the Board's right to request that such attendance be limited or discontinued.

The Board believes it is important for directors to have exposure to the Company's senior officers and believes that their limited attendance at and participation in Board meetings is helpful.

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#### 8. Agendas and Presentations

The Board believes the CEO should establish the agenda for each Board meeting, taking into account suggestions of Board members.

Board members are encouraged to suggest the inclusion of particular items on the agenda and the CEO from time to time is expected to ask directors for their suggestions or opinions on possible agenda items.

As with the agenda, the Board believes that the CEO should determine the form of each presentation to the Board and the person to make such presentation. It is the policy of the Board that the CFO will give a presentation on the financial results of the Company and related issues at each Board meeting.

#### 9. Information Flow

The Board should receive information important to understanding presentations, discussions and issues covered at each meeting, in writing and sufficiently in advance of the meeting when possible to permit appropriate review. The focus of materials should be on analysis rather than data.

The Board or the Executive Committee periodically reviews the information flow to Board members to ensure that directors receive the right kind and amount of information from management in sufficient time to prepare for meetings. The CEO has directed the Corporate Secretary to coordinate the information flow to the directors and to periodically discuss director satisfaction with Board materials with individual directors and encourages directors to offer suggestions on materials.

#### 10. Review of Corporate Governance Principles and Practices

The Board believes it is appropriate to periodically review the effectiveness of its corporate governance principles and practices. The Nominating and Governance Committee generally will assume this responsibility and report to the Board the results of its analysis and any recommendations following each such review. The Board does not feel it is necessary to specify a particular time frame for this type of review, but would ordinarily expect the Nominating and Governance Committee to conduct such review at least annually. All directors are free to make suggestions to improve the Board's practices at any time and are encouraged to do so.

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#### **D. COMMITTEES OF THE BOARD**

##### **1. Number and Types of Committees**

The Board believes that committees should be created and disbanded depending on the particular interests of the Board, issues facing the Company and legal requirements, but the Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. All members of these committees will be independent directors as defined by the New York Stock Exchange. In addition to these three permanent committees the current “standing” committees of the Board (that is, committees expected to operate over an extended period) are the Executive Committee and Finance Committee. The Nominating and Governance Committee regularly assesses the optimum number and structure of Board Committees from time to time as part of its review of overall board effectiveness.

##### **2. Assignment and Rotation of Committee Member**

The Nominating and Governance Committee will recommend committee appointments and candidates to fill vacancies for the approval of the full Board. In addition, the Nominating and Governance Committee will provide rationale for these recommended appointments prior to their consideration. The Board expects that assignments should be made in compliance with any applicable securities law and Internal Revenue Code qualifications.

The Chair of each Committee, other than the Audit Committee and the Executive Committee, will be rotated at three-year intervals.

##### **3. Frequency of Committee Meetings**

The CEO will generally recommend committee meeting schedules for all standing committees, but it is the responsibility of committee chairmen, in consultation with committee members, to determine the frequency and length of committee meetings. Each committee will meet at least annually except for the Audit Committee which will meet at least quarterly and the Executive Committee which will meet whenever appropriate.

##### **4. Charters**

The Board will adopt an appropriate Committee charter for each Committee. The Charters will set forth purposes and responsibilities of the committees, address committee membership and procedures for committee member appointment and removal. The Charters will also provide that each committee will annually evaluate its performance. The

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Board will consider amendments to committee charters either on its own initiative or when recommended by the committee.

#### 5. Committee Agendas

Committee chairmen, in consultation with the CEO and committee members, determine committee agendas.

#### 6. Committee Reports

Reports of committee meetings are submitted to the full Board following each committee meeting. Committee chairmen and committee members are offered the opportunity to comment on committee activities at each Board meeting.

### E. OTHER CORPORATE GOVERNANCE ISSUES

#### 1. Rights Plans

The board believes that rights plans, or “poison pills,” as they are sometimes called, have proven effective in increasing shareholder value in certain circumstances. The Company adopted a rights plan in 1996, which plan expires in 2006.

#### 2. Communications with the Public

The CEO is responsible for establishing effective communications with the Company’s shareholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners. It is the policy of the Company that management speaks for the Company, and the Chairman of the Board speaks for the Board. This policy does not preclude outside directors from meeting with shareholders, but it is suggested that any such meetings be with management present.