12/12/02

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 29, 2002

Commission File Number 1-9390

JACK IN THE BOX INC.
(Exact name of registrant as specified in its charter)

Delaware	**95-2698708**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
9330 Balboa Avenue, San Diego, CA	**92123**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (858) 571-2121

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

At December 9, 2002, the aggregate market value of the capital stock held by non-affiliates of the registrant, computed by reference to the closing price reported in the New York Stock Exchange – Composite Transactions, was approximately $688 million.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

Number of shares of common stock, $.01 par value, outstanding as of the close of business December 9, 2002 – 36,863,100.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement to be filed with the Securities and Exchange Commission in connection with the 2003 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

JACK IN THE BOX INC.

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PART I

ITEM 1. BUSINESS

The Company

Overview. Jack in the Box Inc. (the "Company"), formerly Foodmaker, Inc., owns, operates and franchises JACK IN THE BOX® quick-service hamburger restaurants. In fiscal 2002, we generated revenues of $2.0 billion. As of September 29, 2002, the JACK IN THE BOX system included 1,862 restaurants, of which 1,507 were Company-operated and 355 were franchise-operated. JACK IN THE BOX restaurants are located primarily in the western and southern United States. Based on the number of units, JACK IN THE BOX is the second or third largest quick-service hamburger chain in most of its major markets.

JACK IN THE BOX restaurants offer a broad selection of distinctive, innovative products targeted at the adult fast-food consumer. The JACK IN THE BOX menu features a variety of hamburgers, specialty sandwiches, Mexican foods, finger foods and side items. The core of the JACK IN THE BOX menu is hamburgers, including the signature Jumbo Jack®, Sourdough Jack® and Ultimate Cheeseburger. In addition, we offer products unique to the hamburger segment, such as the Teriyaki Chicken Bowl, Chicken Fajita Pita and Taquitos. JACK IN THE BOX restaurants also offer value-priced product alternatives, known as "Jack's Value Menu," to compete against price-oriented competitors. We believe that our distinctive menu has been instrumental in developing brand loyalty and is appealing to customers with a broader range of food preferences. JACK IN THE BOX restaurants strive to provide a restaurant experience that exceeds the guests' expectations.

The JACK IN THE BOX restaurant chain was the first to develop and expand the concept of drive-thru only restaurants. In addition to drive-thru windows, most of our restaurants have seating capacities ranging from 20 to 100 persons and are open 18-24 hours a day. Drive-thru sales currently account for approximately 65% of sales at Company-operated restaurants.

History. The first JACK IN THE BOX restaurant, which offered only drive-thru service, opened in 1951. By 1968, the JACK IN THE BOX chain had expanded its operations to approximately 300 restaurants. After the Company was purchased in 1968 by Ralston Purina Company, a major expansion program was initiated in an effort to penetrate the eastern and midwestern markets, and by 1979 business had grown to over 1,000 units. In 1979, the Company decided to divest 232 restaurants in the east and midwest to concentrate its efforts and resources in the western and southwestern markets, which were believed to offer the greatest growth and profit potential at that time. In 1985, a group of private investors acquired the Company and, in 1987, a public offering of common stock was completed. In 1988, the outstanding publicly-held shares were acquired by private investors through a tender offer. In 1992, a recapitalization was completed that included a public offering of common stock and indebtedness. Since that time, we have continued to grow, primarily through the addition of new Company-operated restaurants and we entered new markets in the Southeast in 1999.

Operating Strategy. Our business plan includes increasing restaurant sales and profitability through the implementation of our successful operating strategy. Our operating strategy includes: (i) offering quality products at competitive prices, (ii) developing innovative new products, (iii) providing fast and friendly customer service, (iv) maintaining a strong brand image, (v) targeting a broader demographic segment, and (vi) the continuation of our Profit Improvement Program. We believe that our strategies of focusing on food quality, new products and guest service will allow us to differentiate ourselves from our competitors. For example, in 2002, we launched our "Best Burgers Ever" program, an extensive quality improvement initiative featuring changes to our entire sandwich line. In addition, during the past two years, with an emphasis on speed of service, we improved our average transaction time by more than a minute and expect reductions to continue as we implement our new labor-optimization and kitchen operating systems. Furthermore, our Profit Improvement Program, which helped to substantially reduce costs in fiscal 2002 and redirect investment to programs with higher returns, is expected to continue to improve margins.

Maintaining a strong brand image and targeting an attractive demographic segment are also integral parts of our operating strategy. In 1995, we launched our award-winning, advertising campaign featuring our fictional founder "Jack" which has been instrumental in delivering the message of product quality, innovation and value to our customers. We believe our menu and marketing campaign appeal to a broad segment of the population, particularly our primary target market of men aged 18-34, the demographic group with the highest incidence of fast-food consumption. Additionally, while we operate a significant majority of the JACK IN THE BOX restaurants, which we believe enables us to implement our operating strategy and introduce product innovations consistently across the entire system, we believe we can selectively expand our franchising operations to help the Company grow.

Menu Strategy. The menu strategy for JACK IN THE BOX restaurants is to provide unique, quality products that represent good value and appeal to the preferences of our customers. Our menu currently features traditional hamburgers and side items in addition to specialty sandwiches, Mexican foods, finger foods, breakfast foods, unique side items and desserts. To further enhance our menu selection and differentiate our menu from our competitors, we have begun initiatives to develop a more relevant menu that includes lighter fare, new premium and value menu products and additional quality enhancements to current product lines. These initiatives include the recent restructuring of our marketing and R&D organizations to focus more resources on menu innovation and food quality. To support these efforts, we are in the process of building a 70,000 square foot Innovation Center scheduled to open in late 2004. We believe these menu initiatives will have a favorable impact on sales.

JACK IN THE BOX restaurants operate in the hamburger segment which is the largest segment of the quick-service industry. Hamburgers, including the Jumbo Jack, Sourdough Jack and the Ultimate Cheeseburger, accounted for approximately one-quarter of our restaurant sales in fiscal 2002. However, we believe that, as a result of our diverse menu, our restaurants are less dependent than other quick-service chains on the commercial success of one or a few products, and our menu appeals to guests with a broad range of food preferences.

Growth Strategy. Our business plan to grow the Company from a regional quick-service restaurant chain to a national restaurant company includes the following multifaceted growth strategy: (i) developing new Company-operated restaurants, including expansion of our unique convenience store concept, (ii) expanding our franchising activities and (iii) evaluating other restaurant concepts for acquisition. We intend to remain flexible in our strategies to grow the business in our pursuit of long-term increases in shareholder value.

Company-Operated Restaurant Development – We intend to capitalize on our strong brand name and proven operating strategy to achieve attractive returns on investment by developing new Company-operated restaurants. We opened 100 new Company-operated restaurants in fiscal 2002 and intend to open and operate new Company-operated restaurants over the next several years at a rate of about 5 to 7% a year. We believe that our brand is still underpenetrated in many of our existing markets and intend to leverage media, supervision, and food delivery costs by increasing our market penetration. In addition, we believe that we can further leverage the JACK IN THE BOX brand name by expanding to contiguous and selected new markets. We will continue to build new restaurants in the Southeast and prepare the Company for additional new-market expansion during the next five years.

In addition, we plan to expand our branded convenience store concept, QUICK STUFF®, which operates a full-service convenience store on a site shared with a full-sized JACK IN THE BOX restaurant and a branded fuel station. The expansion of this concept will allow for increased penetration of existing markets by providing additional site development flexibility. Our branded convenience store concept also provides us with a strong unit economic model, while retaining operating characteristics similar to our core business. As of September 29, 2002, we owned and operated 12 QUICK STUFF stores and estimate that co-branded sites will comprise approximately 20 to 25% of our new Company restaurant growth over the next five years.

Franchising Program – Also as part of our growth strategy we plan to selectively expand our franchising operations. We intend to convert about 25% of our existing Company-operated restaurants to franchises over the next five years and also plan to add about 200 new franchised restaurants through the sale of development agreements. We offer development agreements for construction of one or more new restaurants over a defined period of time and in a defined geographic area. Developers are required to pay a development fee, a portion of which may be credited against franchise fees due for restaurants to be opened in the future. Developers may forfeit such fees and lose their rights to future development if they do not maintain the required schedule of openings.

Our current franchise agreement provides for an initial franchise fee of $50,000 per restaurant, royalties of 5% of gross sales, marketing fees of 5% of gross sales and, in most instances, a 20-year term. Some existing agreements provide for royalties and marketing fees at rates as low as 4%. In connection with the conversion of a Company-operated restaurant, the restaurant equipment and the right to do business at that location are sold to the franchisee, in most cases for cash or short-term notes.

The aggregate price is equal to the negotiated fair market value of the restaurant as a going concern, which depends on various factors, including the history of the restaurant, its location and cash flow potential. In addition, the land and building are leased or subleased to the franchisee at a negotiated rent, generally equal to the greater of a minimum base rent or a percentage of gross sales. The franchisee is required to pay property taxes, insurance and maintenance costs. Our franchise agreement also provides us a right of first refusal on each proposed sale of a franchised restaurant, which we exercise from time to time when the proposed sale price and terms are acceptable to us.

We view our non-franchised JACK IN THE BOX units as a potential resource which, on a selected basis, can be sold to a franchisee, generating additional current cash flow and revenues while still maintaining future cash flows and earnings through franchise rents and royalties. Franchised units totaled 355 of the 1,862 JACK IN THE BOX restaurants at September 29, 2002. The ratio of franchised to Company-operated restaurants is expected to increase over the next several years as we increase our franchising activities; however, we still expect to maintain a low ratio relative to our major competitors.

Acquisitions – We are actively evaluating other restaurant concepts for possible acquisition to supplement our core growth and balance the risk associated with growing solely in the highly competitive quick-serve segment of the restaurant industry. We believe that the right opportunity can provide flexibility and increase the rate of our growth, as well as add shareholder value in the future.

Restaurant Design and Location. Site selections for all new JACK IN THE BOX restaurants are made after an extensive review of demographic data and other information relating to population density, competition, restaurant visibility and access, available parking, surrounding businesses and opportunities for market penetration. JACK IN THE BOX restaurants developed by franchisees are built to our specifications on sites which have been approved by us.

New JACK IN THE BOX restaurants are built using several configurations, with the largest configuration seating approximately 100 customers, and the smallest 40 customers. We are currently in the process of developing multiple restaurant prototypes to help reduce costs and improve our flexibility in locating restaurants. Management believes that the flexibility provided by the alternative configurations will enable us to match the restaurant configuration with specific economic, demographic and geographic characteristics of a particular site. Typical development costs for new restaurants ranged from approximately $1.4 million to $1.8 million during fiscal year 2002 and are expected to decrease in future years due to the reduced costs of our new restaurant prototypes, as previously mentioned. We use lease financing and other means to lower our cash investment in a typical leased restaurant to approximately $0.3 million to $0.4 million.

The following table summarizes the growth in Company-operated and franchised JACK IN THE BOX restaurants since the beginning of fiscal 1998:

	Fiscal Year				
	1998	1999	2000	2001	2002
Company-operated restaurants:					
Opened	102	115	120	126	100
Sold to franchisees	(2)	—	(13)	(13)	(22)
Closed	(8)	(6)	(4)	(2)	(3)
Acquired from franchisees	14	13	17	9	1
End of period total	1,069	1,191	1,311	1,431	1507
Franchised restaurants:					
Opened	2	2	1	4	3
Acquired from Company	2	—	13	13	22
Closed	(5)	(8)	—	—	—
Sold to Company	(14)	(13)	(17)	(9)	(1)
End of period total	345	326	323	331	355
System end of period total	1,414	1,517	1,634	1,762	1,862

The following table summarizes the locations of JACK IN THE BOX restaurants by state as of September 29, 2002:

	Company-operated	Franchised	Total
Arizona	88	52	140
California	553	261	814
Hawaii	28	1	29
Idaho	23	—	23
Illinois	13	—	13
Louisiana	17	—	17
Missouri	48	—	48
Nevada	44	11	55
New Mexico	—	2	2
North Carolina	24	—	24
Oklahoma	2	—	2
Oregon	40	2	42
South Carolina	19	—	19
Tennessee	25	—	25
Texas	467	26	493
Utah	2	—	2
Washington	114	—	114
Total	1,507	355	1,862

Restaurant Operations. We devote significant resources toward ensuring that all JACK IN THE BOX restaurants offer quality food and good service. Emphasis is placed on ensuring that quality ingredients are delivered timely to the restaurants, restaurant food production systems are continuously developed and improved, and we train our employees to be dedicated to delivering consistently good service. Through our network of distribution, quality assurance, facilities services and restaurant management personnel, including regional vice presidents, area managers and restaurant managers, we standardize specifications for food preparation and service, employee conduct and appearance, and the maintenance and repair of our premises. Operating specifications and procedures are documented in a series of manuals and video presentations. Most restaurants, including franchised units, receive approximately four quality, food safety and cleanliness inspections and 26 "Mystery Guest" audits each year.

Each JACK IN THE BOX restaurant is operated by a Company-employed manager or a franchisee who normally attends an extensive range of management training classes. Our management training program involves a combination of classroom instruction and on-the-job training in specially designated training restaurants. Restaurant managers and supervisory personnel train other restaurant employees in accordance with detailed procedures and guidelines using training aids and video equipment available at each location. Restaurant managers are directly responsible for the operation of the restaurants, including product quality, service, food handling safety, cleanliness, inventory, cash control and the conduct and appearance of employees.

Area managers, each of whom is responsible for an average of 13 restaurants, supervise restaurant managers. The area managers are supervised by 12 regional vice presidents. Under our performance system, regional vice presidents, area managers and restaurant managers are eligible for quarterly bonuses based on achievement of location profit, profit improvement and certain other operational performance standards.

Quality Assurance. Our "farm-to-fork" food safety and quality assurance program is designed to maintain high standards for the food products and food preparation procedures used by Company-operated and franchised restaurants. We maintain product specifications and approve product sources. We have a comprehensive, restaurant-based Hazard Analysis & Critical Control Points ("HACCP") system for managing food safety and quality. HACCP combines employee training, testing by suppliers, and detailed attention to product quality at every stage of the food preparation cycle. Our HACCP program has been recognized as a leader in the industry by the USDA, FDA and the Center for Science in the Public Interest.

Purchasing and Distribution. We provide purchasing, warehouse and distribution services for all Company-operated and approximately one-third of our franchise-operated restaurants. The remaining franchisees participate in a purchasing cooperative they formed in 1996 and contract with another supplier for distribution services. Some products, primarily dairy and bakery items, are delivered directly by approved suppliers to both Company-operated and franchised restaurants.

The primary commodities purchased by JACK IN THE BOX restaurants are beef, poultry, pork, cheese and produce. We monitor the primary commodities we purchase in order to minimize the impact of fluctuations in price and availability, and make advance purchases of commodities when considered to be advantageous. However, certain commodities still remain subject to price fluctuations. All essential food and beverage products are available, or can be made available, upon short notice from alternative qualified suppliers.

Systems. We have centralized financial and accounting controls for Company-operated JACK IN THE BOX restaurants which we believe are important in analyzing and improving profit margins. JACK IN THE BOX restaurants use a specially designed computerized reporting and cash register system which is being converted to a new touch screen point-of-sale system designed to increase speed of service, allow us to accept debit and credit cards and decrease employee training and transaction times. The system provides point-of-sale transaction data and accumulates marketing information for analysis.

Advertising and Promotion. JACK IN THE BOX restaurants participate in substantial marketing programs and activities. Advertising costs are paid from a fund comprised of (i) an amount contributed each year by us equal to approximately 5% of the gross sales of our Company-operated restaurants and (ii) the marketing fees paid by franchisees. We use regional and local campaigns on television, radio and print media to advertise JACK IN THE BOX restaurants and products. We spent approximately $109.3 million on advertising and promotions in fiscal 2002, including franchisee contributions of $19.8 million. Our current advertising campaign relies on a series of television and radio spot advertisements to promote individual products and to develop the JACK IN THE BOX brand. We also spent $1.7 million in fiscal 2002 for local marketing purposes. Franchisees are also encouraged to, and generally do, spend additional funds for local marketing programs.

Employees. At September 29, 2002, we had approximately 44,100 employees, of whom approximately 41,570 were restaurant employees, 630 were corporate personnel, 400 were distribution employees and 1,500 were field management and administrative personnel. Employees are paid on an hourly basis, except restaurant managers, operations and corporate management, and certain administrative personnel. A majority of our restaurant employees are employed on a part-time, hourly basis to provide services necessary during peak periods of restaurant operations. We have not experienced any significant work stoppages and believe our labor relations are good. In fact, in 2002, we improved our hourly restaurant employee retention rate. We compete in the job market for qualified employees and believe our wage rates are comparable to those of our competitors.

Trademarks and Service Marks

The JACK IN THE BOX name is of material importance to us and is a registered trademark and service mark in the United States and in certain foreign countries. In addition, we have registered numerous service marks and trade names for use in our business, including the JACK IN THE BOX logo and various product names and designs.

Seasonality

Our restaurant sales and profitability are subject to seasonal fluctuations and are traditionally higher during the spring and summer months because of factors such as increased travel and improved weather conditions, which affect the public’s dining habits.

Competition and Markets

The restaurant business is highly competitive and is affected by competitive changes in a geographic area, changes in the public's eating habits and preferences, local and national economic conditions affecting consumer spending habits, population trends and traffic patterns. Key elements of competition in the industry are the quality and value of the food products offered, quality and speed of service, advertising, name identification, restaurant location and attractiveness of facilities.

Each JACK IN THE Box restaurant competes directly and indirectly with a large number of national and regional restaurant chains, as well as with locally-owned quick-service restaurants and the fast casual segment. In selling franchises, we compete with many other restaurant franchisers, some of whom have substantially greater financial resources and higher total sales volume.

Regulation

Each Jack IN THE Box restaurant is subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, safety, fire and other departments. Difficulties or failures in obtaining any required licensing or approval could result in delays or cancellations in the opening of new restaurants.

We are also subject to federal and a substantial number of state laws regulating the offer and sale of franchises. Such laws impose registration and disclosure requirements on franchisers in the offer and sale of franchises and may also apply substantive standards to the relationship between franchiser and franchisee, including limitations on the ability of franchisers to terminate franchisees and alter franchise arrangements. We believe we are operating in substantial compliance with applicable laws and regulations governing our operations.

We are subject to the Fair Labor Standards Act and various state laws governing such matters as minimum wages, exempt status classification, overtime and other working conditions. A significant number of our food service personnel are paid at rates related to the federal and state minimum wage, and, accordingly, increases in the minimum wage increase our labor costs. Federal and State laws may also require us to provide paid and unpaid leave to our employees, which could result in significant additional expense to us.

In addition, various proposals which would require employers to provide health insurance for all of their employees are being considered from time to time in Congress and various states. The imposition of any requirement that we provide health insurance to all employees would have a material adverse impact on the consolidated operations and financial condition of the Company and the restaurant industry, in general.

We are subject to certain guidelines under the Americans with Disabilities Act of 1990 ("ADA") and various state codes and regulations, which require restaurants to provide full and equal access to persons with physical disabilities. To comply with such laws and regulations, the cost of remodeling and developing restaurants has increased, principally due to the need to provide certain older restaurants with ramps, wider doors, larger restrooms and other conveniences.

We are also subject to various federal, state and local laws regulating the discharge of materials into the environment. The cost of developing restaurants has increased to comply with these laws. Additional costs relate primarily to the necessity of obtaining more land, landscaping and below surface storm drainage and the cost of more expensive equipment necessary to decrease the amount of effluent emitted into the air and ground.

Forward-Looking Statements and Risk Factors

This Form 10-K contains "forward-looking statements" within the meaning of the securities laws. Although we believe that the expectations reflected in such forward-looking statements are reasonable, and have based these expectations on our beliefs as well as assumptions we have made, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties.

These forward-looking statements are principally contained in the sections captioned “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Statements regarding our future operating and financial performance, including growth in restaurant sales and profitability; our operating strategies, including new product offerings, the timing for completion of our Innovation Center, expanded franchise offerings including sales of Company-owned restaurants, new restaurant openings and markets, new convenience store/gas station/restaurant combination openings and possible acquisitions; the availability of alternative commodity suppliers; the availability of future bank financing; our future capital expenditures; the effect of our stock repurchase program; sources of liquidity; expectations regarding effective tax rates; the appeal of our menu and marketing campaigns; and labor relations are forward-looking statements. In those and other portions of this Form 10-K, the words “anticipate,” “assume,” “believe,” “estimate,” “seek,” “expect,” “intend,” “plan,” “project,” “may,” “will,” “would,” and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements.

In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the following cautionary statements identify important factors that could cause actual results to differ materially from those expressed in any forward-looking statements. In addition to the factors discussed in this Form 10-K, other factors that could cause results to differ materially include, but are not limited to: the effectiveness and cost of our advertising and promotional efforts; the degree of success of our product offerings; weather conditions that adversely affect the level of customer traffic or timely delivery of our food supplies; our ability to control operating, general and administrative costs and to raise prices sufficiently to offset cost increases; our ability to recognize value from any current or future co-branding efforts; erosion of our sales caused by competitive products, pricing and promotions; the impact of any wide-spread negative publicity; the impact on consumer eating habits of new scientific information regarding diet, nutrition and health; competition for labor; power shortages and increases in utility costs due to deregulation; adverse general economic conditions and lack of consumer confidence; the practical or psychological effects of terrorist acts or government responses; changes in consumer tastes and in travel and dining-out habits; the impact on operations and the costs to comply with laws and regulations and other activities of governing entities; the costs and other effects of legal claims by franchisees, customers, vendors and others, including settlement of those claims; and the effectiveness of management strategies and decisions.

Risks Related to the Food Service Industry. Food service businesses are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. The performance of individual restaurants may be adversely affected by factors such as changes in traffic patterns, demographics and the type, number and location of competing restaurants.

Multi-unit food service businesses such as ours can also be materially and adversely affected by publicity resulting from poor food quality, illness, injury or other health concerns with respect to the nutritional value of certain food. To minimize the risk of food-borne illness, we have implemented a HACCP system for managing food safety and quality. Nevertheless, the risk of food-borne illness cannot be completely eliminated. Any outbreak of such illness attributed to JACK IN THE BOX restaurants or within the food service industry could have a material adverse effect on our financial condition and results of operations.

Dependence on frequent deliveries of fresh produce and groceries subjects food service businesses, such as ours, to the risk that shortages or interruptions in supply, caused by adverse weather or other conditions, could adversely affect the availability, quality and cost of ingredients. In addition, unfavorable trends or developments concerning factors such as inflation, increased food, labor and employee benefit costs (including increases in hourly wage and unemployment tax rates), increases in the number and locations of competing restaurants, regional weather conditions and the availability of experienced management and hourly employees may also adversely affect the food service industry in general, and our financial condition and results of operations in particular. Changes in economic conditions affecting our customers could reduce traffic in some or all of our restaurants or impose practical limits on pricing, either of which could have a material adverse effect on our financial condition and results of operations. Our continued success will depend in part on our ability to anticipate, identify and respond to changing conditions.

Competition. The restaurant industry is highly competitive with respect to price, service, location, personnel and the type and quality of food, and there are many well-established competitors. Certain of our competitors have introduced a variety of new products and engaged in substantial price discounting in recent years and may continue to do so in the future. In addition, factors such as increased food, labor and benefits costs, and the availability of experienced management and hourly employees, may adversely affect the restaurant industry in general and our restaurants in particular. Each JACK IN THE BOX restaurant competes directly and indirectly with a large number of national and regional restaurant chains, as well as with locally-owned quick-service restaurants and the fast-casual segment. Some of our competitors have substantially greater financial resources and higher total sales volume. Any adverse changes in these factors could adversely affect our profitability.

Risks Associated with Development. We intend to grow primarily by developing additional Company-owned restaurants and by franchising both existing Company restaurants and new restaurants to be developed by franchisees. Development involves substantial risks, including the risk of (i) the availability of financing at acceptable rates and terms, (ii) development costs exceeding budgeted or contracted amounts, (iii) delays in completion of construction, (iv) failure to obtain all necessary zoning and construction permits, (v) the inability to identify, or the unavailability of, suitable sites, both traditional and nontraditional, on acceptable leasing or purchase terms, (vi) developed properties not achieving desired revenue or cash flow levels once opened, (vii) competition for suitable development sites from competitors (some of which have greater financial resources than we do), (viii) incurring substantial unrecoverable costs in the event a development project is abandoned prior to completion, (ix) changes in governmental rules, regulations, and interpretations (including interpretations of the requirements of the ADA) and (x) general economic and business conditions.

Although we intend to manage our development to reduce such risks, we cannot provide assurance that present or future developments will perform in accordance with our expectations. We cannot provide assurance that we will complete the development and construction of the facilities, or that any such developments will be completed in a timely manner or within budget, or that such restaurants will generate our expected returns on investment. Our inability to expand in accordance with our plans or to manage our growth could have a material adverse effect on our results of operations and financial condition.

Risks Associated with Growth. Our franchising and convenience store/gas station/restaurant development plans will require the implementation of enhanced operational and financial systems and will require additional management, operational, and financial resources. For example, we will be required to recruit franchise sales and administrative personnel and to recruit and train managers and other personnel for each new Company-owned restaurant, as well as additional development and accounting personnel. We cannot provide assurance that we will be able to successfully implement multiple growth strategies or effectively manage our expanding operations. The failure to successfully implement one or more of our growth strategies or to implement necessary new systems and add appropriate resources on a cost-effective basis could have a material adverse effect on our results of operations and financial condition.

Risks Related to Acquisitions. We are evaluating the potential acquisition of other restaurant concepts. We compete against other purchasers, some of whom have greater financial resources, for those opportunities. The success of our efforts depends upon the availability of restaurant concepts at acceptable terms, our ability to successfully integrate any acquisition and effectively diversify our business, as well as many of the factors set forth above.

Reliance on Certain Markets. Because our business is regional, with approximately three-fourths of JACK IN THE BOX restaurants located in the states of California and Texas, the economic conditions, state and local government regulations and weather conditions affecting those states may have a material impact upon our results.

Risks Related to Entering New Markets. During fiscal 2003 we expect to open additional restaurants in the new markets we entered since fiscal 2000. We cannot provide assurance that we will be able to successfully expand or acquire critical market presence in new geographical markets, as we may encounter well-established competitors with substantially greater financial resources. We may be unable to find attractive locations, acquire name recognition, successfully market our products and attract new customers. Competitive circumstances and consumer characteristics in new markets may differ substantially from those in the markets in which we have substantial experience. We cannot provide assurance that we will be able to successfully integrate or profitably operate new Company-operated or franchised restaurants located in our new markets.

Exposure to Commodity Pricing. Although we may take hedging positions in certain commodities from time to time and opportunistically contract for some of these items in advance of a specific need, we cannot provide assurance that we will not be subject to the risk of substantial and sudden price increases, shortages or interruptions in supply of such items, which could have a material adverse effect on our operations.

Risks Related to Increased Labor Costs. We have a substantial number of employees who are paid wage rates at or slightly above the minimum wage. As federal and state minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees but also the wages paid to the employees at rates which are above minimum wage. Federal and State laws may also require us to provide paid and unpaid leave to our employees; which could result in significant additional expense to us. If competitive pressures or other factors prevent us from offsetting the increased costs by increases in prices, our profitability may decline. Approximately 10% of our Company-operated restaurant base will be subject to minimum wage increases in fiscal year 2003. In addition, various proposals which would require employers to provide health insurance for all employees are being considered from time to time in Congress and various states. The imposition of any requirement that we provide health insurance to all employees would have a material adverse impact on the operations and financial condition of the Company and the restaurant industry.

Risks Related to Advertising. We compete directly and indirectly against both regional and national quick service restaurants, grocery and specialty stores, as well as similar types of businesses, which offer sandwiches and similar items. Some of our competitors have greater financial resources which enable them to purchase significantly more television and radio advertising than we are able to purchase. Should our competitors increase spending on advertising and promotion, should the cost of television or radio advertising increase, or our advertising funds decrease for any reason, including implementation of reduced spending strategies, there could be a material adverse effect on our results of operation and financial condition.

Taxes. Our income tax provision is sensitive to expected earnings, tax credit utilization, the resolution of tax audits and changes to tax laws. As expectations change, our effective income tax rate may vary from quarter-to-quarter and year-to-year. In addition, from time-to-time, we may take positions for filing our tax returns, which differ from the treatment for financial reporting purposes. The ultimate outcome of such positions could have an adverse impact on our effective tax rate.

Leverage. Additional indebtedness may limit our ability to respond to changing business and economic conditions. The contracts under which we acquired our debt impose operating and financial restrictions which limit our ability to borrow money, sell assets or make capital expenditures or investments without the approval of certain lenders. In addition to cash flows generated by operations, other financing alternatives may be required in order to repay our debt as it comes due. We cannot provide assurance that we will be able to refinance our debt or obtain additional financing, or that any such financing will be on terms favorable to us.

Risks Related to Franchise Operations. At September 29, 2002, we had 355 franchised JACK IN THE BOX restaurants. Currently our restaurants are approximately 81% Company-operated and 19% franchised. Our plan is to increase the percentage of franchised restaurants over the next five years. Our ability to sell franchises and to realize gains from such sales is uncertain. The opening and success of franchised restaurants depends on various factors, including the demand for our franchises and the selection of appropriate franchisee candidates, the availability of suitable sites, the negotiation of acceptable lease or purchase terms for new locations, permitting and regulatory compliance, the ability to meet construction schedules and the financial and other capabilities of our franchisees and developers. We cannot provide assurance that developers planning the opening of franchised restaurants will have the business abilities or sufficient access to financial resources necessary to open the restaurants required by their agreements. The Company may, from time to time, provide financing to franchisees for the purchase of existing restaurants and the development of new restaurants. There can be no assurance that franchisees will be able to repay all amounts. We cannot provide assurance that franchisees will successfully operate their restaurants in a manner consistent with our concept and standards. In addition, certain federal and state laws govern our relationships with our franchisees. See “Risks Related to Government Regulations” below.

Dependence on Key Personnel. We believe that our success will depend in part on the continuing services of our key executives, including Robert J. Nugent, Chief Executive Officer, John F. Hoffner, Executive Vice President and Chief Financial Officer, and Linda Lang, Executive Vice President, Marketing and Operations, Human Resources and Information Systems, none of whom are employed pursuant to an employment agreement. The loss of the services of any of such executives could have a material adverse effect on our business, and we cannot provide assurance that qualified replacements would be available. Our continued growth will also depend in part on our ability to attract and retain additional skilled management personnel.

Risks Related to Government Regulations. The restaurant industry is subject to extensive federal, state and local governmental regulations, including those relating to the preparation and sale of food and those relating to building and zoning requirements. We and our franchisees are also subject to laws governing our relationships with employees, including minimum wage requirements, overtime, working and safety conditions and citizenship requirements. See “Risks Related to Increased Labor Costs” above. We are also subject to federal regulation and certain state laws, which govern the offer and sale of franchises. Many state franchise laws impose substantive requirements on franchise agreements, including limitations on noncompetition provisions and on provisions concerning the termination or nonrenewal of a franchise. Some states require that certain materials be registered before franchises can be offered or sold in that state. The failure to obtain or retain licenses or approvals to sell franchises could adversely affect us and our franchisees. Changes in government regulations could have a material adverse effect on our operations.

Environmental Risks and Regulations. As is the case with any owner or operator of real property, we are subject to a variety of federal, state and local governmental regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. Failure to comply with environmental laws could result in the imposition of severe penalties or restrictions on operations by governmental agencies or courts of law, which could adversely affect operations. We do not have environmental liability insurance; nor do we maintain a reserve to cover such events. We have engaged and may engage in real estate development projects and own or lease several parcels of real estate on which our restaurants are located. We are unaware of any significant environmental hazards on properties we own or have owned, or operate or have operated. In the event of the determination of contamination on such properties, the Company, as owner or operator, could be held liable for severe penalties and costs of remediation. We also operate motor vehicles and warehouses and handle various petroleum substances and hazardous substances, but are not aware of any current material liability related thereto.

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ITEM 2. PROPERTIES

At September 29, 2002, we owned 721 JACK IN THE BOX restaurant buildings, including 497 located on leased land. In addition, we leased 1,057 restaurants where both the land and building are leased, including 163 restaurants operated by franchisees. At September 29, 2002, franchisees directly owned or leased 84 restaurants.

	Number of restaurants		
	Company-operated	Franchise-operated	Total
Company-owned restaurant buildings:			
On Company-owned land	172	52	224
On leased land	441	56	497
Subtotal	613	108	721
Company-leased restaurant buildings on leased land	894	163	1,057
Franchise directly-owned or directly-leased restaurant buildings	—	84	84
Total restaurant buildings	1,507	355	1,862

Our leases generally provide for fixed rental payments (with cost-of-living index adjustments) plus real estate taxes, insurance and other expenses. In addition, many of the leases provide for contingent rental payments of between 2% and 10% of the restaurant's gross sales once certain thresholds are met. We have generally been able to renew our restaurant leases as they expire at then-current market rates. The remaining terms of ground leases range from approximately one year to 52 years, including optional renewal periods. The remaining lease terms of our other leases range from approximately one year to 42 years, including optional renewal periods. At September 29, 2002, the leases had initial terms expiring as follows:

	Number of restaurants	
	Ground leases	Land and building leases
2003 – 2007	155	228
2008 – 2012	119	269
2013 – 2017	48	219
2018 and later	175	341

Our principal executive offices in San Diego, California consist of an owned facility of approximately 150,000 square feet and a leased facility of approximately 44,000 square feet. Additionally, we have acquired land for the future development of our Innovation Center. We also own one distribution center and lease an additional six with remaining terms ranging from one to 20 years, including optional renewal periods.

Certain of our real and personal property are pledged as collateral for various components of our long-term debt.

ITEM 3. LEGAL PROCEEDINGS

As previously reported, we have reached a settlement in an action filed in 1995 regarding alleged failure to comply with the Americans with Disabilities Act (“ADA”). The settlement, as amended, requires compliance with ADA Access Guidelines at Company-operated restaurants by October 2003. We are in the process of making modifications to improve accessibility at our restaurants. We currently expect to spend approximately $3.4 million in fiscal 2003 in connection with these modifications in addition to amounts previously invested. We expect to comply with our settlement obligations by the October 2003 settlement deadline.

On April 18, 2001, an action was filed by Robert Bellmore and Jeffrey Fairbairn, individually and on behalf of all others similarly situated, in the Superior Court of the State of California, San Diego County, seeking class action status in alleging violations of California wage and hour laws. The complaint alleged that salaried restaurant management personnel in California were improperly classified as exempt from California overtime laws, thereby depriving them of overtime pay. The complaint sought damages in an unspecified amount, penalties, injunctive relief, prejudgment interest, costs and attorneys’ fees. The Company settled the action in fiscal year 2002 for approximately $9.3 million without admission of liability. The settlement is subject to certain conditions and court approval.

We are also subject to normal and routine litigation. In the opinion of management, based in part on the advice of legal counsel, the ultimate liability from all other pending legal proceedings, asserted legal claims and known potential legal claims should not materially affect our operating results and liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth fiscal quarter ended September 29, 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table summarizes the equity compensation plans under which Company Common Stock may be issued as of September 29, 2002. All plans were approved by shareholders of the Company.

	(a) Number of securities to be issued upon exercise of outstanding options	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,180,932	$ 21.12	2,334,351

The following table sets forth the high and low closing sales prices for our common stock during the fiscal quarters indicated, as reported on the New York Stock Exchange – Composite Transactions:

	16 weeks ended	12 weeks ended		
	Jan. 21, 2001	Apr. 15, 2001	July 8, 2001	Sept. 30, 2001
High	$ 30.56	$ 31.75	$ 26.47	$ 34.00
Low	20.06	24.46	23.91	25.55

	16 weeks ended	12 weeks ended		
	Jan. 20, 2002	Apr. 14, 2002	July 7, 2002	Sept. 29, 2002
High	$ 28.00	$ 31.78	$ 34.00	$ 29.55
Low	23.00	25.85	29.19	22.24

We did not pay any cash or other dividends during the last two fiscal years and do not anticipate paying dividends in the foreseeable future. Our credit agreements prohibit, and our public debt instruments restrict, our right to declare or pay dividends or make other distributions with respect to shares of our capital stock.

As of September 29, 2002, there were approximately 500 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA

Our fiscal year is 52 or 53 weeks, ending the Sunday closest to September 30. Fiscal year 1999 included 53 weeks and all other years include 52 weeks. The following selected financial data of Jack in the Box Inc. for each fiscal year is extracted or derived from financial statements which have been audited by KPMG LLP, our independent auditors.

	Fiscal Year				
	2002	2001	2000	1999	1998
	(Dollars in thousands, except per share data)				
Statement of Operations Data:					
Revenues:					
Restaurant sales	$1,822,902	$1,714,126	$1,529,328	$1,372,899	$1,112,005
Distribution and other sales	77,445	66,565	59,091	41,828	26,407
Franchise rents and royalties	45,936	43,825	41,432	39,863	35,904
Other revenues (1)	20,077	9,060	3,461	2,309	49,740
Total revenues	1,966,360	1,833,576	1,633,312	1,456,899	1,224,056
Costs of revenues (2)	1,584,384	1,477,184	1,301,757	1,142,995	951,619
Gross profit	381,976	356,392	331,555	313,904	272,437
Selling, general and administrative expenses (3)	233,426	201,579	182,961	164,297	134,926
Earnings from operations	148,550	154,813	148,594	149,607	137,511
Interest expense	22,914	24,453	25,830	28,249	33,058
Earnings before income taxes, extraordinary item and cumulative effect of accounting change	125,636	130,360	122,764	121,358	104,453
Income taxes (4)	42,590	46,300	22,500	44,900	33,400
Earnings before extraordinary item and cumulative effect of accounting change	$ 83,046	$ 84,060	$ 100,264	$ 76,458	$ 71,053
Earnings per share before extra-ordinary item and cumulative effect of accounting change:					
Basic	$ 2.11	$ 2.17	$ 2.62	$ 2.00	$ 1.82
Diluted	2.07	2.11	2.55	1.95	1.77
Balance Sheet Data (at end of period):					
Total assets	$1,063,483	$1,029,822	$ 906,828	$ 833,644	$ 743,588
Long-term debt	143,364	279,719	282,568	303,456	320,050
Stockholders' equity	464,115	413,530	316,352	217,837	136,980

(1) Fiscal year 1998 includes the recognition of a $45.8 million litigation settlement received from various meat suppliers.

(2) Fiscal year 1999 reflects an $18.0 million reduction of restaurant operating costs due to a change in estimates resulting from improvements to our asset protection and risk management programs. This change was supported by an independent actuarial study conducted to evaluate the self-insured portion of our workers' compensation, general liability and other insurance programs.

(3) Fiscal year 2002 includes $9.3 million for costs associated with the settlement of a class action lawsuit and $6.4 million for costs related to the closure of eight under-performing restaurants as described in Item 7 – Costs and Expenses.

(4) Fiscal year 2000 includes the recognition of $22.9 million in tax benefits primarily resulting from the settlement of a tax case as described in Item 7 – Costs and Expenses.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

All comparisons under this heading among 2002, 2001 and 2000 refer to the 52-week periods ended September 29, 2002, September 30, 2001, and October 1, 2000, respectively, unless otherwise indicated.

Revenues

Company-operated restaurant sales were $1,822.9 million, $1,714.1 million and $1,529.3 million in 2002, 2001 and 2000, respectively. Restaurant sales improved from the prior year by $108.8 million, or 6.3%, in 2002 and $184.8 million, or 12.1%, in 2001, primarily reflecting an increase in the number of Company-operated restaurants, as well as an increase in per store average ("PSA") sales in 2001. The number of Company-operated restaurants at the end of the fiscal year grew to 1,507 in 2002 from 1,431 in 2001 and 1,311 in 2000, with new restaurant openings of 100, 126 and 120, respectively. Sales at Company-operated restaurants open more than one fiscal year declined 0.8% in 2002 compared with 2001 due to increased competitive activity and economic softness in certain key markets. Such sales increased 4.1% in 2001 and 3.3% in 2000 compared to the respective prior year. We believe restaurant sales improvements in 2001 and 2000 resulted from our two-tier marketing strategy featuring both premium sandwiches and value-priced alternatives, as well as from price increases and our strategic initiatives, including our ongoing focus on improving food quality and guest service.

Distribution and other sales, representing distribution sales and sales from our fuel and convenience stores, were $77.4 million, $66.6 million and $59.1 million in 2002, 2001 and 2000, respectively. The $10.8 million increase in 2002 compared with 2001 is principally due to an increase in the number of fuel and convenience stores to 12 locations at September 29, 2002 from nine a year ago, as well as to an increase in distribution sales to franchised restaurants. The $7.5 million increase in 2001 compared with 2000 is due to an increase in the number of restaurants serviced by our distribution division and PSA sales growth at franchised restaurants.

Franchise rents and royalties increased to $45.9 million in 2002 from $43.8 million in 2001 and $41.4 million in 2000, primarily reflecting an increase in the number of franchised restaurants to 355 at the end of the year from 331 in 2001 and 323 in 2000. As a percentage of franchise restaurant sales, franchise rents and royalties grew to 11.0% in 2002 from 10.8% in 2001 and 10.6% in 2000, primarily due to increases in percentage rents at certain franchised restaurants.

Other revenues, principally franchise gains and fees, as well as interest income from notes and investments receivable, increased to $20.1 million in 2002 from $9.1 million in 2001 and $3.5 million in 2000, primarily due to a planned increase in the number of Company-operated restaurants converted to franchises. In 2002, we converted 22 Company-operated restaurants compared with 13 a year ago, resulting in an increase in other revenues of approximately $11 million. Other revenues grew in 2001 compared with 2000 due to increased franchising activities.

Costs and Expenses

Restaurant costs of sales and operating costs increased with sales growth and the addition of Company-operated restaurants. Restaurant costs of sales, which include food and packaging costs, increased to $555.2 million in 2002 from $528.1 million in 2001 and $473.4 million in 2000. As a percentage of restaurant sales, costs of sales were 30.5% in 2002, 30.8% in 2001 and 31.0% in 2000. The restaurant costs of sales percentage improved in 2002 compared to 2001 as the impact of slightly higher ingredient costs was offset by increased selling prices and certain profit improvement initiatives. In 2001, the percentage improvement compared to 2000 was primarily due to favorable ingredient costs and selling price increases.

Restaurant operating costs were $931.7 million, $864.3 million and $750.7 million in 2002, 2001 and 2000, respectively. As a percentage of restaurant sales, restaurant operating costs increased to 51.1% in 2002 from 50.4% in 2001 and 49.1% in 2000. The percentage increased in 2002 compared with 2001 primarily due to higher occupancy costs on newer stores whose sales have not yet matured and increased insurance costs, which were offset in part by improved utility and supply costs. Additionally, in 2002, savings generated from our Profit Improvement Program helped to offset the reduced leverage resulting from softer sales. The restaurant operating costs percentage increased in 2001 compared to 2000 primarily due to higher utility costs and to a lesser extent higher labor-related expenses.

Costs of distribution and other sales were $75.3 million in 2002, $64.5 million in 2001 and $57.5 million in 2000. As a percentage of distribution and other sales, these costs were 97.3% in 2002, 96.9% in 2001 and 97.4% in 2000. The percentage increased in 2002 compared with a year ago, primarily due to reduced margins in our distribution business related to softer sales at JACK IN THE BOX restaurants. The lower percentage in 2001 compared with 2000 reflects improved margins from our fuel and convenience store operations resulting from our revised fuel pricing strategy and a decrease in start up costs.

Franchised restaurant costs, which consist principally of rents and depreciation on properties leased to franchisees and other miscellaneous costs, increased to $22.1 million in 2002 from $20.4 million in 2001 and $20.1 million in 2000, primarily reflecting an increase in the number of franchised restaurants.

Selling, general and administrative expenses were $233.4 million, $201.6 million and $183.0 million in 2002, 2001 and 2000, respectively. Fiscal year 2002 includes unusual charges of $9.3 million to settle a class action lawsuit which alleged that Company restaurant management personnel in California were not always paid overtime properly, and $6.4 million for impairment and lease exit costs related to the closure of eight under-performing restaurants. Advertising and promotion costs were $91.2 million in 2002, $86.5 million in 2001 and $77.8 million in 2000. Excluding the unusual items in 2002, selling, general and administrative expenses were approximately 11.1% of revenues in 2002, 11.0% in 2001 and 11.2% in 2000. In 2002, higher pension, bonus and legal costs were mitigated in part by the increased leverage from higher revenues as well as savings generated from our Profit Improvement Program. The percentage improvement in 2001 compared to 2000 is primarily due to lower bonus and pension expenses.

Interest expense declined to $22.9 million in 2002 from $24.5 million in 2001 and $25.8 million in 2000, reflecting lower average levels of debt and lower average interest rates compared with the respective prior year.

The income tax provisions reflect effective annual tax rates of 33.9%, 35.5% and 18.3% of pre-tax earnings in 2002, 2001 and 2000, respectively. The lower income tax rate in 2002 resulted from the favorable resolution of certain long-standing tax matters. In 2001 and 2000, the favorable tax rates resulted from our ability to realize previously unrecognized tax benefits such as business tax credit, tax loss and minimum tax credit carryforwards. Also contributing to the effective rate decline in 2000 was our settlement with the U.S. Internal Revenue Service of a tax case related to the disposition in November 1995 of our interest in Family Restaurants, Inc. We recognized tax benefits of $22.9 million, primarily as a result of this settlement.

In 2001, we adopted Staff Accounting Bulletin (“SAB”) 101 which requires that franchise percentage rents, which are contingent upon certain annual sales levels, be recognized in the period in which the contingency is met instead of being accrued for ratably. As a result of adopting SAB 101, we recorded a one-time after-tax cumulative effect from this accounting change of $1.9 million related to the deferral of franchise percentage rents not yet earned as of the beginning of fiscal year 2001.

Net earnings were $83.0 million, or $2.07 per diluted share, in 2002, $82.2 million, or $2.06 per diluted share, in 2001 and $100.3 million, or $2.55 per diluted share, in 2000. Each year includes unusual items. In 2002, net earnings included after-tax charges of $10.4 million, or $.26 per diluted share, for costs associated with the settlement of a class action lawsuit in California and the closure of eight under-performing restaurants. In 2001, net earnings included the $1.9 million charge for the cumulative effect of accounting change, or $.05 per diluted share. In 2000, net earnings included $22.9 million, or $.58 per diluted share, for the settlement of a tax case as described above. Excluding all unusual items, net earnings increased approximately 11% to $93.4 million, or $2.33 per diluted share, in 2002 from $84.1 million, or $2.11 per diluted share, in 2001, which had increased 8.7%, from $77.4 million, or $1.97 per diluted share, in 2000.

Liquidity and Capital Resources

General. Cash and cash equivalents decreased $0.7 million to approximately $5.6 million at September 29, 2002 from approximately $6.3 million at the beginning of the fiscal year. We expect to maintain low levels of cash and cash equivalents, reinvesting available cash flows from operations to develop new or enhance existing restaurants, and to reduce borrowings under the revolving credit agreement.

Our working capital deficit increased $118.7 million to $220.9 million at September 29, 2002 from $102.2 million at September 30, 2001. This increase is primarily due to the reclassifications to current liabilities of our revolving bank loans which expire in March 2003 and $70 million of financing lease obligations due in January 2003, offset in part by the related reclassification of $16.1 million in sinking fund payments to other current assets from other assets. The payment of the financing lease obligations will be funded from the sinking fund, operations and our credit facility. The Company and the restaurant industry in general, maintain relatively low levels of accounts receivable and inventories, and vendors grant trade credit for purchases such as food and supplies. We also continually invest in our business through the addition of new units and refurbishment of existing units, which are reflected as long-term assets and not as part of working capital. At the end of the year, our current ratio was .3 to 1 compared with .6 to 1 at September 30, 2001, decreasing due to the reclassifications discussed above.

Our revolving bank credit agreement, expiring in March 2003, provides for a credit facility of up to $175 million, including letters of credit of up to $25 million. At September 29, 2002, we had borrowings of $34 million and approximately $125 million of availability under the agreement. We fully expect to secure new financing before the expiration date of the current credit facility and have engaged a leading bank to complete the arrangement. Total debt outstanding decreased $32.4 million to $249.6 million at September 29, 2002 from $282.0 million at the beginning of fiscal year 2002, primarily due to repayments under the revolving credit facility.

We are subject to a number of customary covenants under our various debt instruments, including limitations on additional borrowings, capital expenditures, lease commitments and dividend payments, as well as requirements to maintain certain financial ratios, cash flows and net worth. As of September 29, 2002, we were in compliance with these covenants. In September 1999, the collateral securing the bank credit facility was released; however, the real and personal property previously held as collateral cannot be used to secure other indebtedness of the Company. In addition, certain of our real and personal property secure other indebtedness.

Other Transactions. In January 1994, we entered into financing lease arrangements with two limited partnerships (the “Partnerships”), in which we sold interests in 76 restaurants for a specified period of time. The acquisition of the properties, including costs and expenses, was funded through the issuance of $70 million in 10.3% senior secured notes by a special purpose corporation acting as agent for the Partnerships. On August 29, 2002, we entered into an agreement to repurchase the interests in the restaurant properties that had been encumbered by the financing lease transaction. Pursuant to the agreement, on January 2, 2003, we will reacquire the interests at a price which is sufficient, in connection with previous sinking fund payments, to retire the $70 million senior secured notes. To effect the acceleration of the retirement of this high interest rate bearing debt, we also agreed to pay a consent fee of $1.3 million.

In fiscal 2002, our Board of Directors authorized the repurchase of our outstanding common stock in the open market for an aggregate amount not to exceed $80 million and is in addition to our $10 million common stock repurchase amount authorized December 3, 1999. Through September 29, 2002, we had acquired 1,549,800 shares in connection with these authorizations for an aggregate cost of $39.8 million, and at the end of the year we had approximately $50.2 million of repurchase availability remaining. The stock repurchase program is intended to offset the dilutive effect of stock option exercises and to increase shareholder value.

Contractual Obligations and Commitments. The following is a summary of the Company's contractual obligations and commercial commitments as of September 29, 2002:

	Payments Due by Period (in thousands)				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Contractual Obligations:					
Revolving credit facility	$ 34,000	$ 34,000	$ —	$ —	$ —
Financing lease obligations (1)	53,866	53,866	—	—	—
Capital lease obligations	15,290	820	1,851	2,197	10,422
Other long-term debt obligations	130,678	1,668	3,204	552	125,254
Operating lease obligations	1,466,840	148,875	275,810	229,182	812,973
Total contractual obligations	$1,700,674	$239,229	$280,865	$231,931	$948,649
Other Commercial Comments:					
Stand-by letters of credit	$ 16,175	$ 16,175	$ —	$ —	$ —

(1) Amount is net of accumulated sinking fund payments of $16,134.

Capital Expenditures. Capital expenditures decreased $23.9 million to $142.6 million in 2002 from $166.5 million in 2001, primarily due to a $16.3 million decrease in new restaurant expenditures reflecting a reduction in the number of new restaurant openings to 100 in 2002 from 126 a year ago. In addition, fiscal year 2001 included non-recurring capital expenditures of $7.8 million related to the purchase of land in San Diego, on which we plan to develop our new Innovation Center. Fiscal year 2002 capital expenditures included $91.8 million for new restaurant expenditures, $37.9 million for existing restaurant improvements and $12.9 million for other additions.

We plan on spending approximately $182 million during fiscal year 2003 on capital expenditures. The projected increase when compared with 2002 reflects our decision to increase investments in remodeling restaurant facilities, additional interior enhancements, and our strategic plan to purchase more new restaurant properties verses leasing them as a means to mitigate increasing occupancy costs. The capital expenditures estimate for 2003 also reflects the refinement of our current restaurant prototype to reduce development costs and improve returns.

Future Liquidity. We require capital principally to grow the business through new restaurant construction, as well as to maintain and remodel existing restaurants, to service our debt obligations, and for general operating purposes. Our primary short-term and long-term sources of liquidity are expected to be cash flows from operations, our revolving bank credit facility and the conversion of Company-operated restaurants to franchised restaurants. Additional potential sources of liquidity include various financing opportunities and the sale and leaseback of restaurant properties. Based upon current levels of operations and anticipated growth, we expect that sufficient cash flows will be generated from operations so that, combined with available financing alternatives, we will be able to meet our debt service, capital expenditure and working capital requirements.

Discussion of Critical Accounting Policies

We have identified the following as the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results and require management's most subjective and complex judgments. Information regarding the Company's other accounting policies are disclosed in Note 1 to our consolidated financial statements.

Pension Benefits – The Company sponsors pension and other retirement plans in various forms covering substantially all employees who meet certain eligibility requirements. Several statistical and other factors which attempt to anticipate future events are used in calculating the expense and liability related to the plans, including assumptions about the discount rate, expected return on plan assets and the rate of increase in compensation levels, as determined by the Company using specified guidelines. In addition, our outside actuarial consultants also use certain statistical factors such as turnover, retirement and mortality rates to estimate the Company's future benefit obligations. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower turnover and retirement rates or longer or shorter life spans of participants.

These differences may impact the amount of pension expense recorded by the Company. Due to decreases in interest rates and declines in the return on assets in the plans, the pension expense in fiscal year 2003 is expected to be approximately 40% higher than in fiscal year 2002.

Self Insurance – The Company is self-insured for a portion of its current and prior years' losses related to its workers' compensation, general liability, automotive, medical and dental programs. In estimating the Company's self insurance reserves, we utilize independent actuarial estimates of expected losses, which are based on statistical analyses of historical data. These assumptions are closely monitored and adjusted when warranted by changing circumstances. Should a greater amount of claims occur compared to what was estimated, or medical costs increase beyond what was expected, reserves might not be sufficient, and additional expense may be recorded.

Long-lived Assets – Long-lived assets, including fixed assets and intangibles, are reviewed for impairment when indicators of impairment are present. If the sum of undiscounted future cash flows is less than the carrying value of the asset, we recognize an impairment loss by the amount which the carrying value exceeds the fair value of the asset. Our estimates of future cash flows may differ from actual cash flows due to, among other things, economic conditions or changes in operating performance. In the fourth quarter of fiscal year 2002, we recorded $2.5 million in impairment charges related to eight under-performing restaurants scheduled for closure in fiscal year 2003. During fiscal year 2002, we noted no other triggering events that would indicate the need for additional impairment of any of the Company's assets.

Legal Accruals – The Company is subject to claims and lawsuits in the ordinary course of its business. A determination of the amount accrued, if any, for these contingencies is made after analysis of each matter. We continually evaluate such accruals and may increase or decrease accrued amounts as we deem appropriate.

Future Accounting Changes

In July, 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 141, *Business Combinations*, and 142, *Goodwill and Other Intangible Assets*, which supersede Accounting Principles Board Opinion ("APB") 16, *Business Combinations* and APB 17, *Intangible Assets*. SFAS 141 requires that all business combinations be accounted for under the purchase method. The Statement further requires separate recognition of intangible assets that meet one of the two criteria, as defined in the Statement. This Statement applies to all business combinations initiated after June 30, 2001. Under SFAS 142, goodwill and intangible assets with indefinite lives are no longer amortized, but are to be tested at least annually for impairment. Separable intangible assets with defined lives will continue to be amortized over their useful lives. The provisions of SFAS 142 will apply to goodwill and intangible assets acquired before and after the Statement's effective date.

In accordance with the provisions of SFAS 141 and 142, our trading area rights, which represent the amounts allocated under purchase accounting to reflect the value of operating existing restaurants within each specific trading area, will be reclassified as goodwill and will no longer be amortized effective September 30, 2002. As of September 29, 2002, the carrying values of our goodwill and trading area rights were $2.0 million and $64.6 million, respectively. We recorded goodwill and trading area rights amortization expense of $4.3 million in restaurant operating costs in 2002. We will adopt the provisions of SFAS 142 in the first quarter of 2003.

In June 2001, the FASB issued SFAS 143, *Accounting for Asset Retirement Obligations,* which addresses accounting and reporting standards for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. We intend to adopt the provisions of SFAS 143 in the first quarter of fiscal year 2003 and expect that the adoption will not have a material impact on our results of operations or financial position.

In August 2001, the FASB issued SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This new standard supersedes SFAS 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, and the accounting and reporting provisions of APB Opinion 30, *Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions,* for the disposal of a segment of a business. This Statement retains the fundamental provisions of SFAS 121, but addresses its significant implementation issues. We will adopt the provisions of SFAS 144 in the first quarter of fiscal year 2003 and expect that the adoption will not have a material impact on our results of operations or financial position.

In April 2002, the FASB issued SFAS 145, *Rescission of FASB Statements 4, 44, and 64, Amendment of FASB Statement 13, and Technical Corrections.* SFAS 145 rescinds SFAS 4, *Reporting Gains and Losses from Extinguishment of Debt*, and an amendment of that Statement, SFAS 44, *Accounting for Leases* and SFAS 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements.* SFAS 145 addresses inconsistencies in accounting for sale-leaseback transactions and amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. We will adopt the provisions of SFAS 145 in the first quarter of fiscal year 2003 and expect that the adoption will not have a material impact on our results of operations or financial position.

In June 2002, the FASB issued SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities.* SFAS 146 Supersedes Emerging Issues Task Force ("EITF") 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity.* This Statement requires that costs associated with exit or disposal activities be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. This Statement is effective for all exit or disposal activities initiated after December 31, 2002 and will have no impact on exit liabilities recorded by the Company prior to such date.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to financial market risks associated with interest rates and commodity prices. Our primary market risk exposure relates to changes in interest rates. Our $175 million credit facility bears interest at an annual rate equal to the prime rate or the London Interbank Offered Rate ("LIBOR") plus an applicable margin based on a financial leverage ratio. As of September 29, 2002, our applicable margin was set at 0.625%. In fiscal year 2002, the average interest rate paid on the credit facility was approximately 3.4%. At September 29, 2002, a hypothetical 100 basis point increase in short-term interest rates would result in a reduction of $0.3 million in annual pre-tax earnings. The estimated reduction is based on the outstanding balance of our revolving credit facility at September 29, 2002.

Changes in interest rates also impact our pension expense. An assumed discount rate is used in determining the present value of future cash outflows currently expected to be required to satisfy the pension benefit obligation when due. A hypothetical 25 basis point reduction in the assumed discount rate would result in an estimated increase of $0.7 million in our future annual pension expense.

We are also exposed to the impact of commodity price fluctuations related to unpredictable factors such as weather and various other market conditions outside our control. From time-to-time we enter into commodity futures and option contracts to manage these fluctuations. We had no open commodity futures and option contracts as of September 29, 2002.

At September 29, 2002, we had no other material financial instruments subject to significant market exposure.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements and related financial information required to be filed are indexed on page F-1 and are incorporated herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the name, age (as of December 31, 2002) and position of each person who is a director or executive officer of Jack in the Box Inc.:

Name	Age	Positions
Robert J. Nugent(3)	61	Chairman of the Board and Chief Executive Officer
Kenneth R. Williams	60	President, Chief Operating Officer and Director (6)
John F. Hoffner	55	Executive Vice President and Chief Financial Officer
Linda A. Lang	44	Executive Vice President, Marketing and Operations, Human Resources and Information Systems
Lawrence E. Schauf	57	Executive Vice President and Secretary
Carlo E. Cetti	58	Senior Vice President, Human Resources and Strategic Planning
Paul L. Schultz	48	Senior Vice President, Operations and Franchising
David M. Theno, Ph.D.	52	Senior Vice President, Quality and Logistics
Karen C. Bachmann	51	Vice President, Corporate Communications
Stephanie E. Cline	57	Vice President, Chief Information Officer
Harold L. Sachs	57	Vice President, Treasurer
Michael E. Alpert(4)(5)	60	Director
Jay W. Brown(3)(5)	57	Director
Paul T. Carter(1)(2)	80	Director (7)
Edward W.Gibbons(3)(4)(5)	66	Director
Anne B. Gust	44	Director (8)
Alice B. Hayes, Ph.D.(2)(5)	65	Director
Murray H. Hutchison(1)(2)	64	Director
Michael W. Murphy(1)(2)	45	Director (9)
L. Robert Payne(1)(4)	69	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Executive Committee.

(4) Member of the Finance Committee.

(5) Member of the Nominating and Governance Committee.

(6) Mr. Williams announced his retirement from the Company effective January 1, 2003. Upon his retirement Mr. Nugent will assume the title of President.

(7) Resigned from committees effective November 6, 2002.

(8) Ms. Gust will join the Board effective January 1, 2003.

(9) Board and committee member effective September 12, 2002.

Mr. Nugent has been Chairman of the Board since February 2001 and Chief Executive Officer since April 1996. The Company has announced that Mr. Nugent will assume the title of President effective January 1, 2003, upon Mr. William's retirement from the Company. He was President from April 1996 to February 2001 and Executive Vice President from February 1985 to April 1996. He has been a director since February 1988. Mr. Nugent has 23 years of experience with the Company in various executive and operations positions.

Mr. Williams has been President and Chief Operating Officer since February 2001. He has announced his retirement from the Company effective January 1, 2003. He was Executive Vice President, Marketing and Operations from May 1996 to February 2001 and Senior Vice President from January 1993 to May 1996. He has been a director since February 2001. Mr. Williams has 37 years of experience with the Company in various operations positions.

Mr. Hoffner has been Executive Vice President and Chief Financial Officer since August 2001. Prior to joining the Company he was Executive Vice President of Administration and Chief Financial Officer of Cost Plus, Inc. from June 1998 to August 2001 and Senior Vice President and Chief Financial Officer of Sweet Factory, Inc. from April 1993 to June 1998.

Ms. Lang has been Executive Vice President since July 2002. She was 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 15 years of experience with the Company in various marketing, finance and operations positions.

Mr. Schauf has been Executive Vice President and Secretary since August 1996. Prior to joining the Company he was Senior Vice President, General Counsel and Secretary of Wendy's International, Inc. from February 1991 to August 1996.

Mr. Cetti has been Senior Vice President, Human Resources and Strategic Planning since July 2002. From October 1995 to July 2002, he was Vice President, Human Resources and Strategic Planning. Mr. Cetti has 22 years of experience with the Company in various human resources and training positions.

Mr. Schultz has been Senior Vice President, Operations and Franchising since August 1999, and was Vice President from May 1988 to August 1999. Mr. Schultz has 29 years of experience with the Company in various operations positions.

Dr. Theno has been Senior Vice President, Quality and Logistics since May 2001. He was Vice President, Technical Services (formerly Quality Assurance, Research and Development and Product Safety) from April 1994 to May 2001. Dr. Theno has 10 years of experience with the Company in various quality assurance and product safety positions.

Ms. Bachmann has been Vice President, Corporate Communications since November 1999. She was Division Vice President, Corporate Communications from December 1994 until November 1999.

Ms. Cline has been a Vice President of the Company since August 2000 and Chief Information Officer since May 2000. She was Division Vice President of Systems Development from August 1993 to May 2000. Ms. Cline has 25 years of experience with the Company in various management information systems positions.

Mr. Sachs has been Vice President, Treasurer since November 1999. He was Treasurer from January 1986 to November 1999. Mr. Sachs has 24 years of experience with the Company in various finance positions.

Mr. Alpert has been a director of the Company since August 1992. 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. Gibson, Dunn & Crutcher LLP provides legal services to us from time to time.

Mr. Brown has been a director of the Company since February 1997. He is currently a principal with Westgate Group, LLC. From April 1995 to September 1998, Mr. Brown was President and CEO of Protein Technologies International, Inc., the world's leading supplier of soy-based proteins to the food and paper processing industries. He was Chairman and CEO of Continental Baking Company from October 1984 to July 1995 and President of Van Camp Seafood Company from August 1983 to October 1984. From July 1981 through July 1983, he served as Vice President of Marketing for Foodmaker Inc. Mr. Brown is a director of Cardinal Brands, Inc.

Mr. Carter has been a director of the Company since June 1991. Mr. Carter has been an insurance consultant for the Government Division of Corroon & Black Corporation since February 1987. He retired in February 1987 as Chairman and Chief Executive Officer of Corroon & Black Corporation, Southwestern Region and as Director and Senior Vice President of Corroon & Black Corporation. Mr. Carter is a director of Borrego Springs National Bank.

Mr. Gibbons has been a director of the Company since October 1985 and has been a general partner of Gibbons, Goodwin, van Amerongen, an investment banking firm, for more than five years. Mr. Gibbons is also a director of Robert Half International, Inc. and Summer Winds Garden Centers, Inc.

Ms. Gust will become a director of the Company effective January 1, 2003. She has been Chief Administrative Officer of The Gap, Inc. since March 2000 and an Executive Vice President since September 1998. Prior to her appointment to Executive Vice President, she served as Senior Vice President, Legal and Corporate Administration.

Dr. Hayes has been a director of the Company since September 1999. She has been the President of the University of San Diego since 1995. 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 is also a director of the Pulitzer Publishing Company, Con Agra, Independent Colleges of Southern California, The San Diego Foundation and Loyola University of Chicago.

Mr. Hutchison has been a director of the Company since May 1998. 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 is the Chairman of the Board of Research Design and the Huntington Hotel Corp. and serves as a director of Cadiz Inc., Senior Resource Corp. and the Olson Company.

Mr. Murphy has been director of the Company since September 2002. He has been President and CEO for 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. His career at Sharp began 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. Payne has been a director of the Company since August 1986. He has been President and Chief Executive Officer of Multi-Ventures, Inc. since February 1976. Multi-Ventures, Inc. is a real estate development and investment company that is also the managing partner of the San Diego Mission Valley Hilton and the Red Lion Hanalei Hotel. He was a principal in the Company prior to its acquisition by its former parent, Ralston Purina Company, in 1968.

That portion of our definitive Proxy Statement appearing under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" to be filed with the Commission pursuant to Regulation 14A within 120 days after September 29, 2002 and to be used in connection with our 2003 Annual Meeting of Stockholders is hereby incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

That portion of our definitive Proxy Statement appearing under the caption "Executive Compensation" to be filed with the Commission pursuant to Regulation 14A within 120 days after September 29, 2002 and to be used in connection with our 2003 Annual Meeting of Stockholders is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

That portion of our definitive Proxy Statement appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" to be filed with the Commission pursuant to Regulation 14A within 120 days after September 29, 2002 and to be used in connection with our 2003 Annual Meeting of Stockholders is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

That portion of our definitive Proxy Statement appearing under the caption "Certain Transactions" to be filed with the Commission pursuant to Regulation 14A within 120 days after September 29, 2002 and to be used in connection with our 2003 Annual Meeting of Stockholders is hereby incorporated by reference.

ITEM 14. CONTROLS AND PROCEDURES

(a) Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing date of this report. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective.

(b) There have been no significant changes, including corrective actions with regard to significant deficiencies or material weaknesses, in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

ITEM 15(a)(1) Financial Statements. See Index to Consolidated Financial Statements on page F-1 of this report.

ITEM 15(a)(2) Financial Statement Schedules. Not applicable.

ITEM 15(a)(3) Exhibits.

Number	Description
3.1	Restated Certificate of Incorporation, as amended(9)
3.2	Restated Bylaws(9)
4.1	Indenture for the 8 3/8% Senior Subordinated Notes due 2008(6) (Instruments with respect to the registrant’s long-term debt not in excess of 10% of the total assets of the registrant and its subsidiaries on a consolidated basis have been omitted. The registrant agrees to furnish supplementally a copy of any such instrument to the Commission upon request.)
4.2	Shareholder Rights Agreement(3)
10.1.1	Revolving Credit Agreement dated as of April 1, 1998 by and between Foodmaker, Inc. and the Banks named therein(6)
10.1.2	First Amendment dated as of August 24, 1998 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Foodmaker, Inc. and the Banks named therein(7)
10.1.3	Second Amendment dated as of February 27, 1999 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Foodmaker, Inc. and the Banks named therein(8)
10.1.4	Third Amendment dated as of September 17, 1999 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Foodmaker, Inc. and the Banks named therein(9)
10.1.5	Fourth Amendment dated as of December 6, 1999 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Foodmaker, Inc. and the Banks named therein(10)
10.1.6	Fifth Amendment dated as of May 3, 2000 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Jack in the Box Inc. and the Banks named therein(11)
10.1.7	Sixth Amendment dated as of November 17, 2000 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Jack in the Box Inc. and the Banks named therein(12)
10.1.8	Seventh Amendment dated as of August 23, 2002 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Jack in the Box Inc. and the Banks named therein
10.1.9	Eighth Amendment dated as of September 27, 2002 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Jack in the Box Inc. and the Banks named therein
10.1.10	Waiver dated as of November 15, 2002 to the Revolving Credit Agreement dated as of April 1, 1998 by and between Jack in the Box Inc. and the Banks named therein
10.2	Purchase Agreements dated as of January 22, 1987 between Foodmaker, Inc. and FFCA/IIP 1985 Property Company and FFCA/IIP 1986 Property Company(1)
10.3	Land Purchase Agreements dated as of February 18, 1987 by and between Foodmaker, Inc. and FFCA/IPI 1984 Property Company and FFCA/IPI 1985 Property Company and Letter Agreement relating thereto(1)
10.4.1	Amended and Restated 1992 Employee Stock Incentive Plan(4)
10.4.2	Jack in the Box Inc. 2002 Stock Incentive Plan (15)
10.5	Capital Accumulation Plan for Executives (14)
10.5.1	First Amendment dated as of August 2, 2002 to the Capital Accumulation Plan for Executives
10.6	Supplemental Executive Retirement Plan (14)
10.6.1	First Amendment dated as of August 2, 2002 to the Supplemental Executive Retirement Plan
10.7	Performance Bonus Plan(13)
10.8	Deferred Compensation Plan for Non-Management Directors(2)
10.9	Amended and Restated Non-Employee Director Stock Option Plan(9)
10.10	Form of Compensation and Benefits Assurance Agreement for Executives(5)
10.11	Form of Indemnification Agreement between Jack in the Box Inc. and certain officers and directors
10.12	Consent Agreement
23.1	Consent of KPMG LLP
99.1	Certification of Chief Executive Officer
99.2	Certification of Chief Financial Officer

(1) Previously filed and incorporated herein by reference from registrant's Registration Statement on Form S-1 (No. 33-10763) filed February 24, 1987.

(2) Previously filed and incorporated herein by reference from registrant's Definitive Proxy Statement dated January 17, 1995 for the Annual Meeting of Stockholders on February 17, 1995.

(3) Previously filed and incorporated by reference from registrant's Current Report on Form 8-K dated July 26, 1996.

(4) Previously filed and incorporated herein by reference from registrant's Registration Statement on Form S-8 (No. 333-26781) filed May 9, 1997.

(5) Previously filed and incorporated herein by reference from registrant's Annual Report on Form 10-K for the fiscal year ended September 28, 1997.

(6) Previously filed and incorporated herein by reference from registrant's Quarterly Report on Form 10-Q for the quarter ended April 12, 1998.

(7) Previously filed and incorporated herein by reference from registrant's Annual Report on Form 10-K for the fiscal year ended September 27, 1998.

(8) Previously filed and incorporated herein by reference from registrant's Quarterly Report on Form 10-Q for the quarter ended April 11, 1999.

(9) Previously filed and incorporated herein by reference from registrant's Annual Report on Form 10-K for the fiscal year ended October 3, 1999.

(10) Previously filed and incorporated herein by reference from registrant's Quarterly Report on Form 10-Q for the quarter ended January 23, 2000.

(11) Previously filed and incorporated herein by reference from registrant's Quarterly Report on Form 10-Q for the quarter ended July 9, 2000.

(12) Previously filed and incorporated herein by reference from registrant's Quarterly Report on Form 10-Q for the quarter ended January 21, 2001.

(13) Previously filed and incorporated herein by reference from registrant's Definitive Proxy Statement dated January 19, 2001 for the Annual Meeting of Stockholders on February 23, 2001.

(14) Previously filed and incorporated herein by reference from registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2001.

(15) Previously filed and incorporated herein by reference from the registrant's Definitive Proxy Statement dated January 18, 2002 for the Annual Meeting of Stockholders' on February 22, 2002.

ITEM 15(b) The Company filed a report on Form 8-K dated August 12, 2002 with the Securities and Exchange Commission reporting the Statements Under Oath of its Principle Executive Officer and Principal Financial Officer Regarding Facts and Circumstances Relating to Exchange Act Filings.

ITEM 15(c) All required exhibits are filed herein or incorporated by reference as described in Item 14(a)(3).

ITEM 15(d) All supplemental schedules are omitted as inapplicable or because the required information is included in the Consolidated Financial Statements or notes thereto.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JACK IN THE BOX INC.

By: JOHN F. HOFFNER

John F. Hoffner
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)
(Duly Authorized Signatory)

Date: December 12, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
ROBERT J. NUGENT Robert J. Nugent	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	December 12, 2002
KENNETH R. WILLIAMS Kenneth R. Williams	President, Chief Operating Officer and Director	December 12, 2002
JOHN F. HOFFNER John F. Hoffner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 12, 2002
MICHAEL E. ALPERT Michael E. Alpert	Director	December 12, 2002
JAY W. BROWN Jay W. Brown	Director	December 12, 2002
PAUL T. CARTER Paul T. Carter	Director	December 12, 2002
EDWARD W. GIBBONS Edward W. Gibbons	Director	December 12, 2002
ALICE B. HAYES Alice B. Hayes	Director	December 12, 2002
MURRAY H. HUTCHISON Murray H. Hutchison	Director	December 12, 2002
MICHAEL W. MURPHY Michael W. Murphy	Director	December 12, 2002
L. ROBERT PAYNE L. Robert Payne	Director	December 12, 2002

CERTIFICATION

I, Robert J. Nugent, certify that:

1. I have reviewed this annual report on Form 10-K of Jack in the Box Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: ROBERT J. NUGENT

Robert J. Nugent
Chief Executive Officer and
Chairman of the Board

Date: December 12, 2002

CERTIFICATION

I, John F. Hoffner, certify that:

1. I have reviewed this annual report on Form 10-K of Jack in the Box Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: JOHN F. HOFFNER

John F. Hoffner
Executive Vice President and
Chief Financial Officer

Date: December 12, 2002

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jack in the Box Inc.:

We have audited the accompanying consolidated balance sheets of Jack in the Box Inc. and subsidiaries as of September 29, 2002 and September 30, 2001, and the related consolidated statements of earnings, cash flows and stockholders' equity for the fifty-two weeks ended September 29, 2002, September 30, 2001, and October 1, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jack in the Box Inc. and subsidiaries as of September 29, 2002 and September 30, 2001, and the results of their operations and their cash flows for the fifty-two weeks ended September 29, 2002, September 30, 2001, and October 1, 2000, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

San Diego, California
November 4, 2002

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JACK IN THE BOX INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	September 29, 2002	September 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,620	$ 6,328
Accounts receivable, net	26,215	21,816
Inventories	29,613	28,993
Prepaid expenses and other current assets	38,471	19,268
Assets held for sale and leaseback	12,626	48,329
Total current assets	112,545	124,734
Property and equipment, at cost:		
Land	105,298	95,435
Buildings	581,651	499,681
Restaurant and other equipment	486,183	453,376
Construction in progress	46,355	63,345
	1,219,487	1,111,837
Less accumulated depreciation and amortization	372,556	332,369
Property and equipment, net	846,931	779,468
Other assets, net	104,007	125,620
	$ 1,063,483	$ 1,029,822
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 106,265	$ 2,255
Accounts payable	59,237	55,036
Accrued liabilities	167,914	169,628
Total current liabilities	333,416	226,919
Long-term debt, net of current maturities	143,364	279,719
Other long-term liabilities	96,727	91,439
Deferred income taxes	25,861	18,215
Stockholders’ equity:		
Preferred stock	—	—
Common stock $.01 par value, 75,000,000 authorized, 42,936,810 and 42,418,742 issued, respectively	429	424
Capital in excess of par value	319,810	310,107
Retained earnings	227,064	144,018
Accumulated other comprehensive loss, net	(8,882)	—
Treasury stock, at cost, 4,378,774 and 3,170,574 shares, respectively	(74,306)	(41,019)
Total stockholders’ equity	464,115	413,530
	$ 1,063,483	$ 1,029,822

See accompanying notes to consolidated financial statements.

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JACK IN THE BOX INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share data)

	Fiscal year		
	2002	2001	2000
Revenues:			
Restaurant sales	$1,822,902	$1,714,126	$ 1,529,328
Distribution and other sales	77,445	66,565	59,091
Franchise rents and royalties	45,936	43,825	41,432
Other	20,077	9,060	3,461
	1,966,360	1,833,576	1,633,312
Costs of revenues:			
Restaurant costs of sales	555,232	528,070	473,373
Restaurant operating costs	931,686	864,271	750,736
Costs of distribution and other sales	75,341	64,490	57,543
Franchised restaurant costs	22,125	20,353	20,105
	1,584,384	1,477,184	1,301,757
Gross profit	381,976	356,392	331,555
Selling, general and administrative	233,426	201,579	182,961
Earnings from operations	148,550	154,813	148,594
Interest expense	22,914	24,453	25,830
Earnings before income taxes and cumulative effect of accounting change	125,636	130,360	122,764
Income taxes	42,590	46,300	22,500
Earnings before cumulative effect of accounting change	83,046	84,060	100,264
Cumulative effect of adopting SAB 101	—	(1,859)	—
Net earnings	$ 83,046	$ 82,201	$ 100,264
Net earnings per share – basic:			
Earnings before cumulative effect of accounting change	$ 2.11	$ 2.17	$ 2.62
Cumulative effect of adopting SAB 101	—	(.05)	—
Net earnings per share	$ 2.11	$ 2.12	$ 2.62
Net earnings per share – diluted:			
Earnings before cumulative effect of accounting change	$ 2.07	$ 2.11	$ 2.55
Cumulative effect of adopting SAB 101	—	(.05)	—
Net earnings per share	$ 2.07	$ 2.06	$ 2.55
Weighted-average shares outstanding:			
Basic	39,322	38,791	38,267
Diluted	40,112	39,780	39,334

See accompanying notes to consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Fiscal year		
	2002	**2001**	**2000**
Cash flows from operating activities:			
Net earnings	$ 83,046	$ 82,201	$ 100,264
Non-cash items included in operations:			
Depreciation and amortization	70,270	64,195	56,766
Deferred finance cost amortization	2,070	2,075	1,664
Deferred income taxes	7,646	5,747	4,413
Cumulative effect of accounting change	—	1,859	—
Impairment charge	2,517	—	—
Tax benefit associated with additional pension liability	5,655	—	—
Tax benefit associated with exercise of stock options	3,466	7,531	2,589
Increase in receivables	(4,399)	(8,149)	(1,676)
Increase in inventories	(620)	(3,271)	(5,833)
Decrease (increase) in prepaid expenses and other current assets	(4,862)	61	(3,672)
Increase in accounts payable	4,201	1,954	8,902
Increase (decrease) in other liabilities	(10,004)	19,144	(18,768)
Cash flows provided by operating activities	158,986	173,347	144,649
Cash flows from investing activities:			
Additions to property and equipment	(142,588)	(166,522)	(127,361)
Dispositions of property and equipment	8,401	8,642	5,938
Increase in trading area rights	(36)	(1,486)	(2,656)
Decrease (increase) in assets held for sale and leaseback	35,703	(14,474)	4,917
Other	(865)	(4,427)	(4,286)
Cash flows used in investing activities	(99,385)	(178,267)	(123,448)
Cash flows from financing activities:			
Borrowings under revolving bank loans	385,140	503,500	386,000
Principal repayments under revolving bank loans	(416,140)	(504,500)	(406,000)
Proceeds from issuance of long-term debt	—	—	825
Principal payments on long-term debt, including current maturities	(2,264)	(2,034)	(1,777)
Repurchase of common stock	(33,287)	(759)	(5,797)
Proceeds from exercise of stock options	6,242	8,205	1,459
Cash flows provided by (used in) financing activities	(60,309)	4,412	(25,290)
Net decrease in cash and cash equivalents	$ (708)	$ (508)	$ (4,089)
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 21,670	$ 22,635	$ 24,392
Income tax payments	$ 40,672	$ 30,174	$ 41,110
Capital lease obligations incurred	$ 475	$ —	$ —

See accompanying notes to consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Common Stock		Capital in excess of par value	Retained earnings (accumulated deficit)	Accumulated other comprehen-sive loss	Treasury stock	Total
	Number of shares	Amount					
Balance at October 3, 1999	41,105,434	$ 411	$290,336	$ (38,447)	$ —	$(34,463)	$217,837
Exercise of stock options	377,935	4	1,455	—	—	—	1,459
Tax benefit associated with exercise of stock options	—	—	2,589	—	—	—	2,589
Purchase of treasury stock	—	—	—	—	—	(5,797)	(5,797)
Net earnings	—	—	—	100,264	—	—	100,264
Balance at October 1, 2000	41,483,369	415	294,380	61,817	—	(40,260)	316,352
Exercise of stock options	935,373	9	8,196	—	—	—	8,205
Tax benefit associated with exercise of stock options	—		7,531	—	—	—	7,531
Purchase of treasury stock	—	—	—	—	—	(759)	(759)
Net earnings	—	—	—	82,201	—	—	82,201
Balance at September 30, 2001	42,418,742	424	310,107	144,018	—	(41,019)	413,530
Exercise of stock options	518,068	5	6,237	—	—	—	6,242
Tax benefit associated with exercise of stock options	—	—	3,466	—	—	—	3,466
Comprehensive income:							
Net earnings	—	—	—	83,046	—	—	83,046
Additional minimum pension liability, net	—	—	—	—	(8,882)	—	(8,882)
Total comprehensive income	—	—	—	83,046	(8,882)	—	74,164
Purchase of treasury stock	—	—	—	—	—	(33,287)	(33,287)
Balance at September 29, 2002	42,936,810	$ 429	$319,810	$ 227,064	$ (8,882)	$(74,306)	$464,115

See accompanying notes to consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Jack in the Box Inc. (the "Company") operates and franchises JACK IN THE BOX quick-serve restaurants, principally in the western and southern United States.

Basis of presentation and fiscal year – The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions are eliminated. Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the 2002 presentation. Our fiscal year is 52 or 53 weeks, ending the Sunday closest to September 30. Fiscal years 2002, 2001 and 2000 include 52 weeks.

Financial instruments – The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate the carrying amounts due to their short maturities. The fair values of each of our long-term debt instruments are based on quoted market values, where available, or on the amount of future cash flows associated with each instrument, discounted using our current borrowing rate for similar debt instruments of comparable maturity. The estimated fair values of our long-term debt at September 29, 2002 and September 30, 2001 approximate their carrying values.

From time-to-time, we use commodity derivatives to reduce the risk of price fluctuations related to raw material requirements for commodities such as beef and pork. We do not speculate using derivative instruments and purchase derivative instruments only for the purpose of risk management.

Effective October 2, 2000, we adopted Statement of Financial Accounting Standards ("SFAS") 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS 137 and 138, which establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS 133 requires that entities recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. Accounting for changes in the fair value of a derivative depends on the intended use and resulting designation of the derivative. For derivatives designated as hedges, changes in the fair value are either offset against the change in fair value of the assets or liabilities through earnings or recognized in accumulated other comprehensive income on the balance sheet until the hedged item is recognized in earnings.

Upon the adoption of SFAS 133, we did not designate our derivative instruments as hedge transactions. The transition adjustment recorded upon the adoption of SFAS 133 was not material to our consolidated statement of earnings. The changes in the fair value of our commodity derivatives are included in restaurant costs of sales. Changes in the fair value of our interest rate swap, which expired in June 2001, are included in interest expense in the consolidated statement of earnings for the fiscal year ended September 30, 2001.

At September 29, 2002, we had no other material financial instruments subject to significant market exposure.

Cash and cash equivalents – We invest cash in excess of operating requirements only in short term, highly liquid investments with original maturities of three months or less, which are considered cash equivalents.

Inventories are valued at the lower of cost (first-in, first-out method) or market.

Assets held for sale and leaseback primarily represent the costs for new sites that will be sold and leased back when construction is completed. Gains and losses realized on the sale leaseback transactions are deferred and credited to income over the lease terms. The leases are classified in accordance with SFAS 13, *Accounting for Leases.*

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Preopening costs are those typically associated with the opening of a new restaurant and consist primarily of employee training costs. Preopening costs are expensed as incurred.

Property and equipment at cost – Expenditures for new facilities and equipment and those that substantially increase the useful lives of the property are capitalized. Facilities leased under capital leases are stated at the present value of minimum lease payments at the beginning of the lease term, not to exceed fair value. Maintenance repairs, and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and gains or losses on the dispositions are reflected in results of operations.

Buildings, equipment and leasehold improvements are depreciated using the straight-line method based on the estimated useful lives of the assets or over the lease term for certain capital leases (buildings 15 to 33 years and equipment 3 to 30 years).

Other assets primarily include trading area rights, goodwill, lease acquisition costs, deferred franchise contract costs and deferred finance costs. Trading area rights represent the amount allocated under purchase accounting to reflect the value of operating existing restaurants within their specific trading area. These rights have been amortized on a straight-line basis over the period of control of the property, not exceeding 40 years, and are retired when a restaurant is franchised or sold. Goodwill, which represents the excess of purchase price over fair value of net assets acquired, has been amortized on a straight-line basis over 40 years. Beginning September 30, 2002, we will adopt the provisions of SFAS 142, *Goodwill and Other Intangible Assets*, and as a result, beginning with fiscal year 2003, our trading area rights will be reclassified as goodwill and goodwill totaling $66.6 million will no longer be amortized.

Lease acquisition costs represent the fair values of acquired lease contracts having contractual rents lower than fair market rents and are amortized over the remaining lease term. Deferred franchise contract costs which represent the acquired value of franchise contracts in existence at the time the Company was acquired in 1988 are amortized over the term of the franchise agreement, usually 20 years. Deferred finance costs are amortized using the interest method over the terms of the respective loan agreements, from 4 to 10 years.

Impairment of long-lived assets – We evaluate impairment on long-lived assets when indicators of impairment are present and recognize impairment when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. We also account for long-lived assets that are held for disposal at lower of cost or fair value.

Lease exit charges – We charge lease exit costs to operations when management commits to close a restaurant. Lease exit costs, which are included in selling, general and administrative expenses, consist of future lease commitments, net of anticipated sublease rentals, and expected ancillary costs.

Self-insurance – We are self insured for a portion of our workers' compensation, automotive, general liability and employee medical and dental claims. We utilize a paid loss plan for our workers' compensation, automotive and general liability programs and have in place predetermined loss limits to limit our loss exposure per occurrence and in the aggregate. We establish our insurance liability and reserves using independent actuarial estimates of expected losses as the basis for determining reported claims and for estimating claims incurred but not reported.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Franchise operations – Franchise arrangements generally provide for initial franchise fees and continuing payments to us based on a percentage of sales. Among other things, the franchisee may be provided the use of land and building, generally for a period of 20 years, and is required to pay negotiated rent, property taxes, insurance and maintenance. Franchise fees are recorded as revenue when we have substantially performed all of our contractual obligations. Expenses associated with the issuance of the franchise are expensed as incurred. Franchise royalties are recorded in income on an accrual basis. Gains on the sale of restaurant businesses to franchisees are recorded as other revenue when the sales are consummated and certain other criteria are met.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (“SAB”) 101, *Revenue Recognition in Financial Statements*. SAB 101 required a change in the recognition of franchise percentage rents, which are contingent upon certain annual sales levels, from an accrual basis to recognition in the period in which the contingency is met. We adopted SAB 101 in the fourth quarter of fiscal year 2001 and reported the cumulative effect of this change in our 2001 consolidated statement of earnings. Other than the recording of this one-time cumulative effect, the adoption of SAB 101 did not have a material effect on our annual results of operations.

Income taxes – Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Net earnings per share – Basic earnings per share is computed using the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed using the additional dilutive effect of stock options.

Stock options – Stock options are accounted for under the intrinsic value based method, whereby compensation expense is recognized for the excess, if any, of the quoted market price of the Company stock at the date of grant over the option price. Our policy is to grant stock options at fair value at the date of grant. We have included pro forma information in Note 8, as required by SFAS 123, *Accounting for Stock-Based Compensation.*

Advertising costs – The Company maintains a marketing fund consisting of funds contributed by us equal to approximately 5% of sales at all Company-operated JACK IN THE BOX restaurants and contractual marketing fees paid monthly by franchisees. Production costs of commercials, programming and other marketing activities are expensed to the marketing fund when the advertising is first used, and the costs of advertising are charged to operations as incurred. Our contributions to the marketing fund and other marketing expenses, which are included in selling, general and administrative expenses in the accompanying consolidated statements of earnings, were $91,157, $86,539 and $77,799 in 2002, 2001 and 2000, respectively.

Segment reporting – An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the chief operating decision maker in deciding how to allocate resources. Similar operating segments can be aggregated into a single operating segment if the businesses are similar. Jack in the Box Inc. operates its business in a single segment.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimations – In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make certain assumptions and estimates that affect reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. In making these assumptions and estimates, management may from time to time seek advice from and consider information provided by actuaries and other experts in a particular area. Actual amounts could differ from these estimates.

2. LONG-TERM DEBT

	2002	2001
The detail of long-term debt at each year end follows:		
Bank loans, variable interest rate based on established market indicators that approximate the prime rate or less, 2.7% at September 29, 2002	$ 34,000	$ 65,000
Senior subordinated notes, 8 3/8% interest, net of discount of $116 and $137, respectively, reflecting an 8.4% effective interest rate due April 15, 2008, redeemable beginning April 15, 2003	124,884	124,863
Financing lease obligations, net of discounts of $223 and $646, respectively, reflecting a 10.3% effective interest rate, semi-annual payments of $3,413 and $747 to cover interest and sinking fund requirements	69,777	69,354
Secured notes, 11 1/2% interest, due in monthly installments through May 1, 2005	3,887	5,077
Capitalized lease obligations, 10.83% average interest rate	15,290	15,565
Other notes, principally unsecured, 10% average interest rate	1,791	2,115
	249,629	281,974
Less current portion	106,265	2,255
	$ 143,364	$ 279,719

On April 1, 1998, we entered into a revolving bank credit agreement, expiring in March 2003, which provides for a credit facility of up to $175 million, including letters of credit of up to $25 million. The credit agreement requires the payment of an annual commitment fee based on the unused credit line. At September 29, 2002, we had borrowings of $34 million and approximately $125 million of availability under the agreement.

We are subject to a number of customary covenants under our various credit agreements, including limitations on additional borrowings, capital expenditures, lease commitments and dividend payments, and requirements to maintain certain financial ratios, cash flows and net worth. As of September 29, 2002 we were in compliance with these covenants. In September 1999, the collateral securing the bank loans was released. Real and personal property previously held as collateral for the bank loans cannot be used to secure other indebtedness of the Company. In addition, certain of our real and personal property secure other indebtedness.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

2. LONG-TERM DEBT (continued)

In January 1994, we entered into financing lease arrangements with two limited partnerships (the “Partnerships”), in which we sold interests in 76 restaurants for a specified period of time. The acquisition of the properties, including costs and expenses, was funded through the issuance of $70 million in 10.3% senior secured notes by a special purpose corporation acting as agent for the Partnerships. The transactions have been reflected as financings with the properties remaining in our consolidated financial statements. On August 29, 2002, pursuant to the terms of the financing lease arrangements, we made an Offer (the “Offer”) to reacquire, on January 2, 2003, the interests in the restaurants at a price which is sufficient, in conjunction with previous sinking fund deposits, to retire the senior secured notes. In connection with the Offer, we entered into an agreement with the Partnerships in which we agreed to pay a $1.3 million consent fee to accelerate retirement of this high interest rate debt.

Aggregate maturities and sinking fund requirements on all long-term debt are $90,354, $2,703, $2,352, $1,393 and $1,356 for the years 2003 through 2007, respectively. The 2003 amount is net of accumulated sinking fund payments of $16,134.

Interest capitalized during the construction period of restaurants was $1,696, $2,441 and $2,259 in 2002, 2001 and 2000, respectively.

3. LEASES

As Lessee – We lease restaurants and other facilities under leases having terms expiring at various dates through 2054. The leases generally have renewal clauses of 5 to 20 years exercisable at our option and, in some instances, have provisions for contingent rentals based upon a percentage of defined revenues. Total rent expense for all operating leases was $160,046, $142,351 and $123,465, including contingent rentals of $7,292, $7,200 and $6,551 and sublease rentals of $15,113, $13,629 and $13,603, in 2002, 2001 and 2000, respectively.

Future minimum lease payments under capital and operating leases, including those in the closed restaurant reserve, are as follows:

Fiscal year	Capital leases	Operating leases
2003	$ 2,426	$ 148,875
2004	2,426	144,043
2005	2,409	131,767
2006	2,386	119,668
2007	2,356	109,514
Thereafter	16,138	812,973
Total minimum lease payments	28,141	$ 1,466,840
Less amount representing interest	(12,851)	
Present value of obligations under capital leases	15,290	
Less current portion	(820)	
Long-term capital lease obligations	$ 14,470	

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

3. LEASES(continued)

Total minimum lease payments have not been reduced for future minimum sublease rents of $188,177 expected to be recovered under our operating subleases. Building assets recorded under capital leases were $13,505 and $13,843, net of accumulated amortization of $7,881 and $7,089, as of September 29, 2002 and September 30, 2001, respectively.

As Lessor – We lease or sublease restaurants to certain franchisees and others under agreements that generally provide for the payment of percentage rentals in excess of stipulated minimum rentals, usually for a period of 20 years. Total rental revenue was $28,755, $27,213 and $25,900, including contingent rentals of $10,559, $11,091 and $10,642, in 2002, 2001 and 2000, respectively.

The minimum rents receivable expected to be received under these non-cancelable leases, excluding contingent rentals, are as follows:

Fiscal year	Direct financing lease	Operating leases
2003	$ 106	$ 21,386
2004	106	20,294
2005	106	19,080
2006	106	17,338
2007	106	15,797
Thereafter	1,503	115,232
Total minimum future rentals	2,033	$209,127
Less amount representing unearned income	1,889	
Net investment (included in other assets)	$ 144	

Land and building assets held for lease were $46,904 and $45,133, net of accumulated amortization of $26,882 and $22,787 as of September 29, 2002 and September 30, 2001, respectively.

4. RESTAURANT CLOSING AND IMPAIRMENT CHARGES

In the fourth quarter of fiscal year 2002, management committed to closing eight under-performing restaurants during 2003. As a result of management's plan to close these restaurants, in 2002, we recorded non-cash charges of $2.5 million for the impairment of the related long-lived assets and lease exit charges of $3.9 million. These charges have been included in selling, general and administrative expenses in the consolidated statement of earnings. As of September 29, 2002, our accrual for restaurant lease exit charges was $7.0 million.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

5. INCOME TAXES

The fiscal year income taxes consist of the following:

	2002	2001	2000
Federal – current	$ 24,745	$ 34,658	$ 14,036
– deferred	11,249	5,419	3,535
State – current	4,545	4,695	4,051
– deferred	2,051	328	878
Subtotal	42,590	45,100	22,500
Income tax benefit related to cumulative effect of accounting change	—	1,200	—
Income taxes	$ 42,590	$ 46,300	$ 22,500

A reconciliation of the federal statutory income tax rate to our effective tax rate is as follows:

	2002	2001	2000
Computed at federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.6	2.5	2.6
Benefit of jobs tax credits	(1.1)	(1.2)	(1.0)
Adjustment of tax loss, contribution and tax credit carryforwards	—	1.7	—
Reduction to valuation allowance	—	(2.6)	(19.3)
Adjustment to estimated tax accruals	(4.4)	—	—
Other, net	.8	.1	1.0
	33.9%	35.5%	18.3%

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities at each year-end are presented below:

	2002	2001
Deferred tax assets:		
Accrued pension and postretirement benefits	$ 19,229	$ 17,039
Accrued insurance	11,222	10,086
Accrued vacation pay expense	10,711	9,558
Deferred income	13,248	13,449
Other reserves and allowances	10,489	4,212
Other, net	7,812	7,824
Total gross deferred tax assets	72,711	62,168
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	85,139	71,773
Intangible assets	13,433	8,610
Total gross deferred tax liabilities	98,572	80,383
Net deferred tax liabilities	$ 25,861	$ 18,215

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

5. INCOME TAXES (continued)

During fiscal year 2002, we finalized an examination by the U.S. Internal Revenue Service ("IRS") for tax years 1997 to 1999. This exam included a review of the tax treatment of certain settlements that we entered into during these years. We recognized tax benefits of $5,544, primarily as a result of the resolution of these items, which reduced our fiscal year 2002 provision for income taxes.

During fiscal year 2000, we reached a final agreement with the IRS to settle a tax case related to the disposition in November 1995 of our interest in Family Restaurants, Inc. We recognized tax benefits of $22,900, primarily as a result of this settlement, which reduced our fiscal year 2000 provision for income taxes.

As of September 29, 2002, we have not recorded a valuation allowance because we believe it is more likely than not that the net deferred tax assets will be realized through future taxable income or alternative tax strategies.

From time to time, we may take positions for filing our tax returns, which may differ from the treatment of the same item for financial reporting purposes. The ultimate outcome of these items will not be known until such time as the IRS has completed its examination or until the statute of limitations has expired.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

6. RETIREMENT, SAVINGS AND BONUS PLANS

We have non-contributory defined benefit pension plans covering substantially all salaried and hourly employees meeting certain eligibility requirements. These plans are subject to modification at any time. The plans provide retirement benefits based on years of service and compensation. It is our practice to fund retirement costs as necessary.

	Qualified plans		Non–qualified plan	
	2002	2001	2002	2001
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 79,503	$ 66,839	$ 22,672	$ 17,877
Service cost	4,586	3,917	298	255
Interest cost	6,063	5,442	1,747	1,432
Actuarial (gain) loss	5,779	5,729	(672)	2,151
Benefits paid	(1,843)	(2,424)	(795)	(543)
Plan amendment	—	—	340	1,500
Benefit obligation at end of year	$ 94,088	$ 79,503	$ 23,590	$ 22,672
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 70,403	$ 68,550	$ —	$ —
Actual return on plan assets	(7,573)	(1,223)	—	—
Employer contributions	3,920	5,500	795	543
Benefits paid	(1,843)	(2,424)	(795)	(543)
Fair value of plan assets at end of year	$ 64,907	$ 70,403	$ —	$ —
Reconciliation of funded status:				
Funded status	$ (29,181)	$ (9,100)	$ (23,590)	$ (22,672)
Unrecognized net loss	26,516	7,247	3,090	3,949
Unrecognized prior service cost	(31)	(67)	4,892	5,132
Unrecognized net transition asset	—	—	—	3
Additional contribution	15,195	—	—	—
Net amount recognized	$ 12,499	$ (1,920)	$ (15,608)	$ (13,588)
Amounts recognized in the statement of financial position consist of:				
Accrued benefit liability	$ (15,155)	$ (1,920)	$ (22,578)	$ (18,723)
Accumulated other comprehensive loss	12,459	—	2,078	—
Additional contribution	15,195	—	—	—
Intangible assets	—	—	4,892	5,135
Net amount recognized	$ 12,499	$ (1,920)	$ (15,608)	$ (13,588)

A minimum pension liability adjustment is required when the accumulated benefit obligation exceeds the fair value of plan assets and accrued benefit liabilities at the measurement date. The downturn in the fixed income and equity markets has caused the market value of our pension plan assets to decline, and lower interest rates have caused our accumulated benefit obligation to increase. As a result, we were required to recognize additional minimum pension liabilities at September 29, 2002 and record total pre-tax charges of $14,537 to other comprehensive income in fiscal 2002. In the fourth quarter of fiscal year 2002, subsequent to the June 30 measurement date for qualified plans, we made a total contribution of $15,195 to return the qualified plans to a funded status. All defined benefit pension plan obligations, regardless of the funding status of the underlying plans, are fully supported by the financial strength of the Company.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

6. RETIREMENT, SAVINGS AND BONUS PLANS (continued)

In determining the present values of benefit obligations, we assumed discount rates of 7.30% and 7.75% at the measurement dates of June 30, 2002 and 2001, respectively. The assumed rate of increase in compensation levels was 3.5% and 4.0%, respectively, for the qualified plans and 5% for the non-qualified plan in 2002 and 2001. The long-term rate of return on assets was 8.5% in both years. Assets of the qualified plans consist primarily of listed stocks and bonds.

The components of the fiscal year net defined benefit pension cost are as follows:

	Qualified plans			Non-qualified plan		
	2002	2001	2000	2002	2001	2000
Service cost	$ 4,586	$ 3,917	$ 4,706	$ 298	$ 255	$ 245
Interest cost	6,063	5,442	4,991	1,747	1,432	1,305
Expected return on plan assets	(5,917)	(5,889)	(5,082)	—	—	—
Net amortization	(36)	(28)	162	770	508	587
Net periodic pension cost	$ 4,696	$ 3,442	$ 4,777	$2,815	$2,195	$ 2,137

We maintain a savings plan pursuant to Section 401(k) of the Internal Revenue Code, which allows administrative and clerical employees who have satisfied the service requirements and reached age 21, to defer from 2% to 12% of their pay on a pre-tax basis. We contribute an amount equal to 50% of the first 4% of compensation that is deferred by the participant. Our contributions under this plan were $1,838, $1,651 and $1,426 in 2002, 2001 and 2000, respectively. We also maintain an unfunded, non-qualified deferred compensation plan, which was created in 1990 for key executives and other members of management who are excluded from participation in the qualified savings plan. This plan allows participants to defer up to 15% of their salary, including bonuses, on a pre-tax basis. We match an amount equal to 100% of the first 3% contributed by the employee. Our contributions under the non-qualified deferred compensation plan were $617, $680 and $609 in 2002, 2001 and 2000, respectively. In each plan, a participant's right to Company contributions vests at a rate of 25% per year of service.

We maintain a bonus plan that allows certain officers and management of the Company to earn annual bonuses based upon achievement of certain financial and performance goals approved by the Compensation Committee of our Board of Directors. Under this plan, $3,682, $1,297 and $4,654 was expensed in 2002, 2001 and 2000, respectively.

We maintain a deferred compensation plan for non-management directors. Under the plan's equity option, those who are eligible to receive directors' fees or retainers may choose to defer receipt of their compensation. The amounts deferred are converted into stock equivalents at the then-current market price of our common stock. We provide a deferment credit equal to 25% of the compensation initially deferred. Under this plan, a total of $(312), $234 and $(14) was (credited) expensed in 2002, 2001 and 2000, respectively, for both the deferment credit and the stock appreciation (depreciation) on the deferred compensation.

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JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

7. POSTRETIREMENT BENEFIT PLAN

We sponsor a health care plan that provides postretirement medical benefits for employees who meet minimum age and service requirements. The plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. Our policy is to fund the cost of medical benefits in amounts determined at the discretion of management.

	2002	2001
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 7,729	$ 16,769
Service cost	278	247
Interest cost	595	537
Actuarial (gain) loss	722	(9,741)
Benefits paid	(225)	(83)
Benefit obligation at end of year	$ 9,099	$ 7,729
Change in plan assets:		
Fair value of plan assets at beginning of year	$ —	$ —
Employer contributions	225	83
Benefits paid	(225)	(83)
Fair value of plan assets at end of year	$ —	$ —
Reconciliation of funded status:		
Funded status	$ (9,099)	$ (7,729)
Unrecognized net gain	(9,957)	(11,792)
Net liability recognized	$ (19,056)	$ (19,521)

All of the net liability recognized in the reconciliation of funded status is included as an accrued benefit liability in the statements of financial position. In determining the above information, we assumed a discount rate of 7.30% and 7.75% at the measurement dates of June 30, 2002 and 2001, respectively.

The components of the fiscal year net periodic postretirement benefit cost are as follows:

	2002	2001	2000
Service cost	$ 278	$ 247	$ 586
Interest cost	595	537	1,233
Net amortization	(1,113)	(1,282)	(34)
Net periodic pension (income) cost	$ (240)	$ (498)	$ 1,785

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 2003. For plan participants under age 65, the rate was assumed to decrease .5% per year to 6.0% by the year 2008 and remain at that level thereafter. For plan participants age 65 years or older, an 8.5% annual health care cost trend rate was assumed for 2003. The rate was assumed to decrease .5% per year to 6.0% by the year 2008 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 29, 2002 by $1,956, or 21.5%, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 2002 by $231, or 26.5%.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

8. STOCK OPTIONS

We offer stock option plans to attract, retain and motivate key officers, non-employee directors and employees to work toward the future financial success of the Company. All of the Plans are administered by the Compensation Committee of the Board of Directors and have been approved by the stockholders of the Company.

In January 1992, we adopted the 1992 Employee Stock Incentive Plan (the “1992 Plan”) and, as part of a merger, assumed outstanding options to employees under our predecessor’s 1990 Stock Option Plan. Under the 1992 Plan, employees are eligible to receive stock options, restricted stock and other various stock-based awards. Subject to certain adjustments, up to a maximum of 3,775,000 shares of common stock may be sold or issued under the 1992 Plan. No awards shall be granted after January 3, 2002, although common stock may be issued thereafter pursuant to awards granted prior to such date.

In August 1993, we adopted the 1993 Stock Option Plan (the “1993 Plan”). Under the 1993 Plan, employees who do not receive stock options under the 1992 Plan are eligible to receive annually stock options with an aggregate exercise price equivalent to a percentage of their eligible earnings. Subject to certain adjustments, up to a maximum of 3,000,000 shares of common stock may be sold or issued under the 1993 Plan. No awards shall be granted after February 12, 2003, although common stock may be issued thereafter pursuant to awards granted prior to such date.

In February 1995, we adopted the Non-Employee Director Stock Option Plan (the “Director Plan”). Under the Director Plan, any eligible director of Jack in the Box Inc. who is not an employee of the Company or its subsidiaries is granted annually an option to purchase shares of common stock at fair market value. The actual number of shares that may be purchased under the option is based on the relationship of a portion of each director’s compensation to the fair market value of the common stock, but is limited to fewer than 10,000 shares annually. Subject to certain adjustments, up to a maximum of 650,000 shares of common stock may be sold or issued under the Director Plan. Unless sooner terminated, no awards shall be granted after February 17, 2005, although common stock may be issued thereafter pursuant to awards granted prior to such date.

In February 2002, we adopted the Jack in the Box Inc. 2002 Stock Incentive Plan (“the 2002 Plan), to continue the objectives of the 1992 Employee Stock Incentive Plan. Under the 2002 Plan, officers and other key employees are eligible to receive stock options and incentive stock awards. Subject to certain adjustments, up to a maximum of 1,900,000 shares of common stock may be sold or issued under the 2002 Plan.

The terms and conditions of the stock-based awards under the plans are determined by the Compensation Committee of the Board of Directors on each award date and may include provisions for the exercise price, expirations, vesting, restriction on sales and forfeiture, as applicable. Options granted under the plans have terms not exceeding 11 years and provide for an option exercise price of not less than 100% of the quoted market value of the common stock at the date of grant.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

8. STOCK OPTIONS (continued)

The following is a summary of stock option activity for the three fiscal years ended September 29, 2002:

		Option exercise price per share	
	Shares	Range	Weighted-average
Balance at October 3, 1999	3,863,713	$ .96 - 26.63	$ 12.78
Granted	699,574	23.25 - 23.88	23.25
Exercised	(377,935)	.96 - 19.06	3.92
Canceled	(128,922)	5.75 - 26.63	20.39
Balance at October 1, 2000	4,056,430	1.13 - 26.63	15.16
Granted	996,699	26.00 - 32.77	26.27
Exercised	(935,373)	1.13 - 26.63	8.51
Canceled	(119,655)	5.75 - 26.63	23.20
Balance at September 30, 2001	3,998,101	4.19 - 32.77	19.24
Granted	815,341	23.00 - 31.87	25.01
Exercised	(518,068)	22.52 - 34.09	29.56
Canceled	(114,442)	7.50 - 26.63	24.42
Balance at September 29, 2002	4,180,932	4.19 - 32.77	21.12

The following is a summary of stock options outstanding at September 29, 2002:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life in years	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
$ 4.19 - 19.06	1,419,193	4.70	$ 12.96	1,319,065	$ 12.50
23.00 - 25.00	1,415,797	8.68	24.24	383,899	23.65
26.00 - 26.63	1,300,942	8.22	26.22	517,857	26.33
31.87 - 32.77	45,000	9.17	32.67	8,000	32.77
$ 4.19 - 32.77	4,180,932	7.19	21.12	2,228,821	17.71

At September 29, 2002, September 30, 2001 and October 1, 2000, the number of options exercisable were 2,228,821, 2,158,151 and 2,514,773, respectively, and the weighted-average exercise prices of those options were $17.71, $14.81, and $10.90, respectively.

For purposes of the following pro forma disclosures required by SFAS 123, the fair value of each option granted has been estimated on the date of grant using the Black-Scholes option-pricing model. Valuation models require the input of highly subjective assumptions, including the expected volatility of the stock price. Therefore, in management's opinion, the existing models do not provide a reliable single measure of the value of employee stock options. The following assumptions were used for grants: risk-free interest rates of 4.2%, 5.8% and 5.9% in 2002, 2001 and 2000, respectively; expected volatility of 40% in each year; and an expected life of six years in each year. We have not paid any cash dividends and do not anticipate paying dividends in the foreseeable future; therefore, the expected dividend yield is zero.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

8. STOCK OPTIONS (continued)

The weighted-average fair value of options granted was $11.35 in 2002, $12.70 in 2001 and $11.26 in 2000. Had compensation expense been recognized for stock-based compensation plans in accordance with provisions of SFAS 123, the Company would have recorded net earnings of $78,596, or $2.00 per basic share and $1.96 per diluted share, in 2002; $77,739, or $2.00 per basic share and $1.95 per diluted share, in 2001; and $97,620, or $2.55 per basic share and $2.48 per diluted share, in 2000. For the pro forma disclosures, the estimated fair values of the options were amortized over their vesting periods of up to five years.

9. STOCKHOLDERS' EQUITY

We have 15,000,000 shares of preferred stock authorized for issuance at a par value of $.01 per share. No preferred shares have been issued.

On July 26, 1996, the Board of Directors declared a dividend of one preferred stock purchase right (a "Right") for each outstanding share of our common stock, which Rights expire on July 26, 2006. Each Right entitles a stockholder to purchase for an exercise price of $40, subject to adjustment, one one-hundredth of a share of the Company's Series A Junior Participating Cumulative Preferred Stock, or, under certain circumstances, shares of common stock of Jack in the Box Inc. or a successor company with a market value equal to two times the exercise price. The Rights would only become exercisable for all other persons when any person has acquired or commences to acquire a beneficial interest of at least 20% of the Company's outstanding common stock. The Rights have no voting privileges and may be redeemed by the Board of Directors at a price of $.001 per Right at any time prior to or shortly after the acquisition of a beneficial ownership of 20% of the outstanding common shares. There are 383,486 shares of Series A Junior Participating Cumulative Preferred Stock reserved for issuance upon exercise of the Rights.

At September 29, 2002, we had 6,515,283 shares of common stock reserved for issuance upon the exercise of stock options.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

10. AVERAGE SHARES OUTSTANDING

Net earnings per share for each fiscal year is based on the weighted-average number of common shares outstanding during the year, determined as follows:

	2002	2001	2000
Shares outstanding, beginning of fiscal year	39,248,168	38,348,595	38,276,460
Effect of common stock issued	273,782	470,040	200,074
Effect of common stock reacquired	(199,591)	(27,212)	(209,048)
Weighted-average shares outstanding – basic	39,322,359	38,791,423	38,267,486
Assumed additional shares issued upon exercise of stock options, net of shares reacquired at the average market price	789,791	988,644	1,066,579
Weighted-average shares outstanding – diluted	40,112,150	39,780,067	39,334,065

The diluted weighted-average shares outstanding computation excludes 468,050, 496,125 and 1,047,684 antidilutive stock options in 2002, 2001 and 2000, respectively.

11. CONTINGENCIES AND LEGAL MATTERS

As previously reported, we have reached a settlement in an action filed in 1995 regarding alleged failure to comply with the Americans with Disabilities Act (“ADA”). The settlement, as amended, requires compliance with ADA Access Guidelines at Company-operated restaurants by October 2003. We are in the process of making modifications to improve accessibility at our restaurants. We currently expect to spend approximately $3.4 million in fiscal 2003 in connection with these modifications in addition to amounts previously invested. We expect to comply with our settlement obligations by the October 2003 settlement deadline.

On April 18, 2001, an action was filed by Robert Bellmore and Jeffrey Fairbairn, individually and on behalf of all others similarly situated, in the Superior Court of the State of California, San Diego County, seeking class action status in alleging violations of California wage and hour laws. The complaint alleged that salaried restaurant management personnel in California were improperly classified as exempt from California overtime laws, thereby depriving them of overtime pay. The complaint sought damages in an unspecified amount, penalties, injunctive relief, prejudgment interest, costs and attorneys’ fees. The Company settled the action in fiscal year 2002 for approximately $9.3 million without admission of liability. The settlement is subject to certain conditions and court approval.

We are also subject to normal and routine litigation. In the opinion of management, based in part on the advice of legal counsel, the ultimate liability from all other pending legal proceedings, asserted legal claims and known potential legal claims should not materially affect our operating results and liquidity.

The Company’s wholly-owned subsidiary, Foodmaker International Franchising Inc. (the “Subsidiary Guarantor”), guarantees, fully and unconditionally, our $125 million senior subordinated notes. The Subsidiary Guarantor has no significant operations or any significant assets or liabilities other than the guaranty of indebtedness of the Company, and therefore, no separate financial statements of the Subsidiary Guarantor are presented.

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

12. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

	September 29, 2002	September 30, 2001
Accounts receivable:		
Trade	$ 6,777	$ 7,163
Construction advances	1,942	8,426
Notes receivable	12,186	1,753
Other	5,620	5,055
Allowances for doubtful accounts	(310)	(581)
	$ 26,215	$ 21,816
Other assets:		
Trading area rights, net of amortization of $41,077 and $37,330, respectively	$ 64,628	$ 68,825
Other, net of amortization of $44,999 and $46,065, respectively	39,379	56,795
	$ 104,007	$ 125,620
Accrued liabilities:		
Payroll and related taxes	$ 55,204	$ 46,058
Sales and property taxes	19,280	17,970
Insurance	27,606	27,771
Advertising	13,339	13,228
Capital improvements	8,444	15,898
Income tax liabilities	390	13,181
Other	43,651	35,522
	$ 167,914	$ 169,628

JACK IN THE BOX INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(continued)

13. QUARTERLY RESULTS OF OPERATIONS (Unaudited)

Fiscal Year 2002	16 weeks ended Jan. 20, 2002	12 weeks ended Apr. 14, 2002	12 weeks ended July 7, 2002	12 weeks ended Sept. 29, 2002
Revenues	$ 594,180	$ 447,630	$ 461,219	$ 463,331
Gross profit	115,187	83,634	92,362	90,793
Net earnings	26,674	18,186	24,202	13,984
Net earnings per share:				
Basic	.68	.46	.61	.36
Diluted	.67	.45	.60	.35

Fiscal Year 2001	16 weeks ended Jan. 21, 2001	12 weeks ended Apr. 15, 2001	12 weeks ended July 8, 2001	12 weeks ended Sept. 30, 2001
Revenues	$ 543,223	$ 413,219	$ 434,633	$ 442,501
Gross profit	109,960	77,367	84,723	84,342
Net earnings before cumulative effect of accounting change	25,580	16,771	21,034	20,675
Net earnings	23,721	16,771	21,034	20,675
Net earnings per share before cumulative effect of accounting change:				
Basic	.67	.43	.54	.53
Diluted	.65	.42	.53	.52
Net earnings per share:				
Basic	.62	.43	.54	.53
Diluted	.60	.42	.53	.52

Exhibit 10.1.8

SEVENTH AMENDMENT
Dated as of August 23, 2002

This **SEVENTH AMENDMENT** (this "Amendment") is among **JACK IN THE BOX, INC.** (formerly Foodmaker, Inc.), a Delaware corporation (the "Borrower"), the financial institutions and other entities party to the Credit Agreement referred to below (the "Lenders"), and **BANK OF AMERICA, N.A**. (formerly NationsBank, N.A. (successor to NationsBank of Texas, N.A.)), as L/C Bank (as defined in the Credit Agreement) and as agent (the "Agent") for Lenders and the Issuing Banks thereunder.

PRELIMINARY STATEMENTS:

1. The Borrower, the Lenders, the Arranger, the Documentation Agent and the Agent have entered into a Credit Agreement dated as of April 1, 1998, as amended by the First Amendment dated as of August 24, 1998, the Second Amendment dated as of February 27, 1999, the Third Amendment dated as of September 17, 1999, the Fourth Amendment dated as of December 6, 1999, the Fifth Amendment dated as of May 3, 2000 and the Sixth Amendment dated as of November 17, 2000 (as so amended, the "Credit Agreement.") Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. The Borrower has requested that the Lenders amend certain provisions of the Credit Agreement to permit and facilitate (a) an increase in the aggregate principal amount of loans permitted to be made to franchisees and (b) the Borrower's prepayment of certain outstanding indebtedness and other obligations.

3. The Required Lenders are, on the terms and conditions stated below, willing to grant the requests of the Borrower.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1: Amendments to Credit Agreement. Effective as of the date hereof and subject to satisfaction of the conditions precedent set forth in Section 2 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 6.02(f)(vii) of the Credit Agreement is hereby amended by replacing the amount "$5,000,000" referred to therein to $25,000,000.

(b) Section 6.02(k) of the Credit Agreement is hereby amended by replacing the text of clause (i) of such Section with the following:

> (i) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner any Debt other than (A) the prepayment of the Advances in accordance with the terms of this Agreement, (B) regularly scheduled or required repayments or redmeptions of Surviving Debt, (C) the redemption of the Existing Senior Notes as contemplated hereby, (D) the redemption of the Existing Senior Subordinated Notes following the issuance of the senior subordinated notes described in clause (A) of the definition of "Permitted Subordinated Debt," (E) Debt incurred pursuant to the CRC Leases and (F) the CRC Excluded Debt.

SECTION 2: **Conditions to Effectiveness**. This Amendment shall not be effective until each of the following conditions precedent shall been satisfied:

(a) the Agent shall have executed this Amendment and shall have received counterparts of this Amendment executed by the Borrower and the Required Lenders and counterparts of the Consent appended hereto (the "Consent") executed by each of the Guarantors listed therein (such Guarantors, together with the Borrower, each a "Loan Party" and, collectively, the "Loan Parties"); and

(b) each of the representations and warranties in Section 3 below shall be true and correct.

SECTION 3. **Representations and Warranties**. The Borrower represents and warrants as follows:

(a) **Authority.** The Borrower and each other Loan Party has the requisite corporate power and authority to execute and deliver this Amendment and the Consent, as applicable, and to perform its obligations hereunder and under the Loan Documents (as amended hereby) to which it is a party. The execution, delivery and performance by the Borrower of this Amendment and by each other Loan Party of the Consent, and the performance by each Loan Party of each Loan Document (as amended hereby) to which it is a party have been duly approved by all necessary corporate action of such Loan Party and no other corporate proceedings on the part of such Loan Party are necessary to consummate such transactions.

(b) **Enforceability.** This Amendment has been duly executed and delivered by the Borrower. The Consent has been duly executed and delivered by each Guarantor. This Amendment and each Loan Document (as amended hereby) is the legal, valid and binding obligation of each Loan Party hereto and thereto, enforceable against such Loan Party in accordance with its terms, and is in full force and effect.

(c) **Representation and Warranties.** The representations and warranties contained in each Loan Document (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) are true and correct on and as of the date hereof as though made on and as the date hereof

(d**)** **No Default.** No event has occurred and is continuing that constitutes a Default or Event of Default.

SECTION 4. **References to and Effect on the Loan Documents.** (a) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender, any Issuing Bank, the Arranger, the Documentation Agent or the Agent under any of the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents

SECTION 5. **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment of the Consent by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment of such Consent.

SECTION 6. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Seventh Amendment to be executed by their respective officers thereuntoduly authorized, as of the date first written above.

JACK IN THE BOX INC.
(successor to Foodmaker, Inc.),
a Delaware corporation

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: Vice President and Treasurer

BANK OF AMERICA, NA. as Agent

By: RICHARD G. PARKHURST, JR.

Name: Richard G. Parkhurst, Jr.
Title: Managing Director

Lenders

BANK OF AMERICA, NA.

By: RICHARD G. PARKHURST, JR.

Name: Richard G. Parkhurst, Jr.
Title: Managing Director

CREDIT LYONNAIS LOS ANGELES BRANCH

By: DIANNE M. SCOTT

Name: Dianne M. Scott
Title: First Vice President/Manager

UNION BANK OF CALIFORNIA, N.A.

By: LINDA WELKER

Name: Linda Welker
Title: Vice President

BANK ONE TEXAS, NA.

By: JOSEPH R. PERDENZA

Name: Joseph R. Perdenza
Title: Assistant Vice President

CIBC, INC.

By: STEPHANIE E. DeVANE

Name: Stephanie E. DeVane
Title: Executive Director
CIBC World Markets Corp., As Agent

MORGAN GUARANTY TRUST CO.

By: ROBERT BOTTAMEDI

Name: Robert Bottamedi
Title: Vice President

NATEXIS BANQUE - BFCE

By: GARY KANIA

Name: Gary Kania
Title: Vice President

By: JORDAN SADLER

Name: Jordan Sadler
Title: Assistant Vice President

CONSENT
Dated as of August 23, 2002

The Undersigned, as Guarantors under the "Guaranty" (as much terms are defined in and under the Credit Agreement referred to in the foregoing Seventh Amendment), each hereby consents and agrees to the foregoing Seventh Amendment and hereby confirms and agrees that the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that, upon the effectiveness of, and on and after the date of, said Seventh Amendment, each reference in the Guaranty to the "Credit Agreement", "thereunder", "thereof" and words of like imports to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by said Seventh Amendment.

CP DISTRIBUTION CO., a Delaware corporation,
CP WHOLESALE CO., a Delaware corporation and
JACK IN THE BOX, INC., a New Jersey corporation

By: LAWRENCE E. SCHAUF

Lawrence E. Schauf
Executive Vice President and Secretary

FOODMAKER INTERNATIONAL FRANCHISING, INC.
a Delaware corporation

By: HAROLD L. SACHS

Harold L. Sachs
Vice President and Treasurer

EIGHTH AMENDMENT
Dated as of September 27, 2002

This **EIGHTH AMENDMENT** (this "Amendment") is among **JACK IN THE BOX INC.** (formerly Foodmaker, Inc.), a Delaware corporation (the "Borrower"), the financial institutions and other entities party to the Credit Agreement referred to below (the "Lenders"), and **BANK OF AMERICA, N.A.** (formerly NationsBank, N.A. (successor to NationsBank of Texas, N.A)), as L/C Bank (as defined in the Credit Agreement) and as agent (the "Agent") for the Lenders and the Issuing Banks thereunder.

PRELIMINARY STATEMENTS:

1. The Borrower, the Lenders, the Arranger, the Documentation Agent and the Agent have entered into a Credit Agreement dated as of April 1, 1998, as amended by the First Amendment dated as of August 24, 1998, the Second Amendment dated as of February 27, 1999, the Third Amendment dated as of September 17, 1999, the Fourth Amendment dated as of December 6, 1999, the Fifth Amendment dated as of May 3, 2000, the Sixth Amendment dated as of November 17, 2000 and the Seventh Amendment dated as of August 23, 2002 (as so amended, the "Credit Agreement.") Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. The Borrower has requested that the Lenders amend Section 6.02(g)(v) of the Credit Agreement with respect to the repurchase by the Borrower of its capital stock.

3. The Required Lenders are, on the terms and conditions stated below, willing to grant the requests of the Borrower.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to Credit Agreement. Effective as of the date hereof and subject to satisfaction of the conditions precedent set forth in Section 2 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 6.02(g)(v) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(v) the Borrower may acquire capital stock of the Borrower, provided that the aggregate purchase price for all such capital stock acquired on or after December 6, 1999 shall not exceed $90,000,000 in the aggregate and that at the time of and immediately after any such acquisition, the Borrower would not be in Default hereunder."

SECTION 2. Conditions to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent shall have been satisfied:

(a) the Agent shall have executed this Amendment and shall have received counterparts of this Amendment executed by the Borrower and the Required Lenders and counterparts of the Consent appended hereto (the "Consent") executed by each of the Guarantors listed therein (such Guarantors, together with the Borrower, each a "Loan Party" and, collectively, the "Loan Parties"); and

(b) each of the representations and warranties in Section 3 below shall be true and correct.

SECTION 3. Representations and Warranties. The Borrower represents and warrants as follows:

(a) **Authority.** The Borrower and each other Loan Party has the requisite corporate power and authority to execute and deliver this Amendment and the Consent, as applicable, and to perform its obligations hereunder and under the Loan Documents (as amended hereby) to which it is a party. The execution, delivery and performance by the Borrower of this Amendment and by each other Loan Party of the Consent, and the performance by each Loan Party of each Loan Document (as amended hereby) to which it is a party have been duly approved by all necessary corporate action of such Loan Party and no other corporate proceedings on the part of such Loan Party are necessary to consummate such transactions.

(b) **Enforceability.** This Amendment has been duly executed and delivered by the Borrower. The Consent has been duly executed and delivered by each Guarantor. This Amendment and each Loan Document (as amended hereby) is the legal, valid and binding obligation of each Loan Party hereto and thereto, enforceable against such Loan Party in accordance with its terms, and is in full force and effect.

(c) **Representations and Warranties.** The representations and warranties contained in each Loan Document (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) are true and correct on and as of the date hereof as though made on and as of the date hereof

(d) **No Default.** No event has occurred and is continuing that constitutes a Default or Event of Default.

SECTION 4. Reference to and Effect on the Loan Documents. (a) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender, any Issuing Bank, the Arranger, the Documentation Agent or the Agent under any of the Loan

Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

SECTION 5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment or the Consent by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment or such Consent.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of California.

[Signature Pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

JACK IN THE BOX INC. (successor to Foodmaker, Inc.),
a Delaware corporation

By: HARLOD L. SACHS

Name: Harold L. Sachs
Title: VP and Treasurer

BANK OF AMERICA, NA.,
as Agent

By: KATHERINE E. TRAVISS

Name: Katherine E. Traviss
Title: Agency Management Officer

Lenders

BANK OF AMERICA, NA

By: CHITT SWAMIDASAN

Name: Chitt Swamidasan
Title: Principal

CREDIT LYONNAIS NEW YORK BRANCH

By: F. FRANK HERRERA

Name: F. Frank Herrera
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: BRUCE BRESLAU

Name: Bruce Breslau
Title: Senior Vice President

UNION BANK OF CALIFORNIA, N.A

By: MYRA JUETTEN

Name: Myra Juetten
Title: Vice President

FLEET NATIONAL BANK

By: THOMAS P. TANS

Name: Thomas P. Tans
Title: Director

CONSENT
Dated as of September 27, 2002

The Undersigned, as Guarantor under the "Guaranty" (as much terms are defined in and under the Credit Agreement referred to in the foregoing Eighth Amendment), hereby consents and agrees to the foregoing Eighth Amendment and hereby confirms and agrees that the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that, upon the effectiveness of, and on and after the date of, said Eighth Amendment, each reference in the Guaranty to the "Credit Agreement", "thereunder", "thereof" and words of like imports to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by said Eighth Amendment.

FOODMAKER INTERNATIONAL FRANCHISING, INC.
a Delaware corporation

By: HAROLD L. SACHS

Harold L. Sachs
Vice President and Treasurer

WAIVER
Dated as of November 15, 2002

This **WAIVER** (this "Waiver") is among **JACK IN THE BOX INC.** (formerly Foodmaker, Inc.), a Delaware corporation (the "Borrower"), the financial institutions and other entities party to the Credit Agreement referred to below (the "Lenders"), and **BANK OF AMERICA, N.A**. (formerly NationsBank, N.A. (successor to NationsBank of Texas, N.A.)), as L/C Bank (as defined in the Credit Agreement) and as agent (the "Agent") for the Lenders and Issuing Banks thereunder.

PRELIMINARY STATEMENTS;

1. The Borrower, the Lenders, the Arranger, the Documentation Agent and the Agent have entered into a Credit Agreement dated as of April 1, 1998, as amended by the First Amendment dated as of August 24, 1998, the Second Amendment dated as of February 27, 1999, the Third Amendment dated as of September 17, 1999, the Fourth Amendment dated as of December 6, 1999, the Fifth Amendment dated as of May 3, 2000, the Sixth Amendment dated as of November 17, 2000, the Seventh Amendment dated as of August 23, 2002 and the Eighth Amendment dated as of September 27, 2002 (as so amended, the "Credit Agreement.") Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. The Borrower has requested that the Lenders waive the restrictions set forth in Section 6.02(d), (f) and (i) of the Credit Agreement with respect to the proposed formation by the Borrower of, and investment in, a new acquisition subsidiary of Borrower ("Newco") and the proposed acquisition of a target company identified to the Agent prior to the date hereof (the "Target") by Borrower pursuant to a merger of Newco with and into the Target (or pursuant to any alternative acquisition structure reasonably agreed to between Borrower and Target, including without limitation an acquisition by Borrower of Newco of substantially all of the assets and liabilities of Target) on substantially the terms disclosed to the Agent prior to the date hereof (collectively, the "Acquisition").

3. The Required Lenders are, on the terms and conditions stated below, willing to grant the requests of the Borrower.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Waiver. Effective as of the date hereof and subject to satisfaction of the conditions precedent set forth in Section 2 hereof, the Required Lenders hereby waive the provisions of Sections 6.02(d) (f) and (i) with respect to the Acquisition but only so long as: (i) the purchase price (inclusive of assumed liabilities and contingent obligations reasonably expected to be payable by Borrower and Newco, collectively, in connection with or as a result of the Acquisition (including by way of example and not limitation, earn-out and similar payments) does not exceed $50,000,000; (ii) the Acquisition is consummated prior to January 31, 2003; and (iii) the Target is Solvent immediately prior to and immediately after giving effect to the Acquisition.

SECTION 2. Conditions to Effectiveness. This Waiver shall not be effective until each of the following conditions precedent shall have been satisfied:

(a) the Agent shall have executed this Waiver and shall have received counterparts of this Waiver executed by the Borrower and the Required Lenders and counterparts of the Consent appended hereto (the "Consent") executed by each of the Guarantors listed therein (such Guarantors, together with the Borrower, each a "Loan Party" and, collectively, the "Loan Parties");

(b) each of the representations and warranties in Section 3 below shall be true and correct; and

(c) the Borrower shall have paid to the Agent (i) for the ratable benefit of each Lender executing this waiver on or prior to November 11, 2002 a waiver fee of 12 basis points on the Revolving Commitment on each such Lender and (ii) for the ratable benefit of each Lender executing this waiver after November 11, 2002 and on or prior to November 15, 2002 a waiver fee of 9.5 basis points on the Revolving Commitment of each such Lender.

SECTION 3. Representations and Warranties. The Borrower represents and warrants as follows:

(a) **Authority.** The Borrower and each other Loan Party has the requisite corporate power and authority to execute and deliver this Waiver and the Consent, as applicable, and to perform its obligations hereunder the Loan Documents (as amended hereby) to which it is a party. The execution, delivery and performance by the Borrower of this Waiver and by each other Loan Party of the Consent, and the performance by each Loan Party of each Loan Document (as amended hereby) to which it is a party have been duly approved by all necessary corporate action of such Loan Party and no other corporate proceedings on the part of such Loan Party are necessary to consummate such transactions.

(b) **Enforceability.** This Waiver has been duly executed and delivered by the Borrower. The Consent has been duly executed and delivered by each Guarantor. This Waiver and each Loan Document (as amended hereby) is the legal, valid and binding obligation of each Loan Party hereto and thereto, enforceable against such Loan Party in accordance with its terms, and is in full force and effect.

(c) **Representations and Warranties.** The representations and warranties contained in each Loan Document (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) and true and correct on and as of the date hereof as though made on and as of the date hereof.

(d) **No Default.** No event has occurred and is continuing that constitutes a Default or Event of Default.

SECTION 4. Reference to and Effect on the Loan Documents. (a) Upon and after the effectiveness of this Waiver, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Waiver shall not, expect as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender, and Issuing Bank, the Arranger, the Documentation Agent of the Agent under any or the Loan Documents, nor constitute a waiver or amendment of any provision of any of the Loan Documents.

SECTION 5. Counterparts. This Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Waiver or the Consent by facsimile shall be effective as delivery of a manually executed counterpart or this Waiver of such Consent.

SECTION 6. Governing Law. This Waiver shall be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be executed by their respective officers thereunto duly authorized, as of the date first written above.

JACK IN THE BOX INC.
(successor to Foodmaker, Inc.),
a Delaware corporation

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: Vice President and Treasurer

BANK OF AMERICA, NA.
as Agent

By: CHITT SWAMIDASAN

Name: Chitt Swamidasan
Title: Principal

Lenders

BANK OF AMERICA, NA.

By: CHITT SWAMIDASAN

Name: Chitt Swamidasan
Title: Principal

CREDIT LYONNAIS
NEW YORK BRANCH

By: DIANNE M. SCOTT

Name: Dianne M. Scott
Title: Senior Vice President

CREDIT LYONNAIS
NEW YORK BRANCH

By: F. FRANK HERRERA

Name: F. Frank Herrera
Title: Vice President

ROYAL BANK OF CANADA

By: CHRIS ABE

Name: Chris Abe
Title: Manager

UNION BANK OF CALIFORNIA, N.A.

By: MYRA JUETIEN

Name: Myra Juetien
Title: Vice President

FLEET NATIONAL BANK

By: THOMAS P. TANSI

Name: Thomas P. Tansi
Title: Director

NETEXIS BANQUE-BFCE

By: FRANK H. MADDEN, JR.

Name: Frank H. Madden, Jr.
Title: Vice President & Group Manager

By: HARRIS FROMMER

Name: Harris Frommer
Title: Assistant Vice President

CONSENT
Dated as of November 15, 2002

The Undersigned, as Guarantors under the "Guaranty" (as much terms are defined in and under the Credit Agreement referred to in the foregoing Waiver), hereby consents and agrees to the foregoing Waiver and hereby confirms and agrees that the Guaranty is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that, upon the effectiveness of, and on and after the date of, said Waiver, each reference in the Guaranty to the "Credit Agreement", "thereunder", "thereof" and words of like imports to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by said Waiver.

FOODMAKER INTERNATIONAL FRANCHISING, INC.
a Delaware corporation

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: Vice President and Treasurer

<u>Exhibit 10.5.1</u>

AMENDMENT TO THE JACK IN THE BOX INC. CAPITAL ACCUMULATION PLAN FOR EXECUTIVES

THIS AMENDMENT to the Jack in the Box Inc. Capital Accumulation Plan for Executives is adopted effective as of August 2, 2002.

Notwithstanding any provision of the Jack in the Box Inc. Capital Accumulation Plan for Executives, as amended and restated effective as of June 1, 2001, (the "CAPE") to the contrary, the CAPE is hereby amended as follows:

1. Effective as of January 1, 2003, installment payments from the CAPE to Ken Williams (the "Participant") shall be made in accordance with the terms and conditions of the CAPE, except that, the calculation of the earnings on any unpaid balance of the Participant's CAPE account shall be determined using the Moody's rate for the thirty-six (36) month period ending December 31, 2002 increased by two percent (2%).

2. Except as modified by this Amendment, all the terms and provisions of the CAPE, as previously amended and restated effective as of June 1, 2001, shall continue in full force and effect.

This amendment is executed effective as of the date set forth above at San Diego, California.

PLAN ADMINISTRATIVE COMMITTEE
FOR THE JACK IN THE BOX INC.
CAPITAL ACCUMULATION PLAN FOR
EXECUTIVES

By: CARLO E. CETTI

On behalf of the Plan Administrative Committee

Exhibit 10.6.1

AMENDMENT TO THE JACK IN THE BOX INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

THIS AMENDMENT to the Jack in the Box Inc. Supplemental Executive Retirement Plan is adopted effective as of August 2, 2002.

Notwithstanding any provision of the Jack in the Box Inc. Supplemental Executive Retirement Plan, as amended and restated effective as of May 8, 2001, (the "SERP") to the contrary, the SERP is hereby amended as follows:

1. Service with Jack in the Box Inc. (the "Company") and salary paid by the Company to Ken Williams (the "Participant") shall be deemed to continue, without interruption, through and until October 31, 2004 (the "Deemed Service").

2. The deemed salary of the Participant for the 2003 calendar year shall be equal to the Participant's actual 2002 calendar year salary increased by two percent (2%). The Participant's deemed bonus for the 2003 calendar year shall be deemed to be Level 4 (65%).

3. The deemed salary of the Participant for the 2004 calendar year shall be equal to the Participants deemed 2003 salary increased by two percent (2%). The Participant's deemed bonus for the 2004 calendar year shall be deemed to be Level 4 (65%).

4. The Participant shall be entitled to an additional benefit under the SERP equal to that amount which would have been accrued for the benefit of the Participant under the qualified defined benefit plan maintained by the Company which qualifies under Section 401(a) of the Internal Revenue Code (the "Retirement Plan") had the period of Deemed Service been taken into account under the terms of the Retirement Plan in calculating such Participant's accrued benefit. Notwithstanding the foregoing, the Retirement Plan, and any other retirement plan of the Company which is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code, shall not be amended, nor shall any such plan be required, to accrue any additional benefit under the terms of such tax-qualified plan as a result of this Deemed Service or this SERP amendment.

5. Except as modified by this Amendment, all the terms and provisions of the SERP, as previously amended and restated effective as of May 8, 2001, shall continue in full force and effect.

This amendment is executed effective as of the date set forth above at San Diego, California.

PLAN ADMINISTRATIVE COMMITTEE
FOR THE JACK IN THE BOX INC.
SUPPLEMENT EXECUTIVE
RETIREMENT PLAN

By: CARLO E. CETTI

On behalf of the Plan Administrative
Committee

Exhibit 10.11

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of ______, is made by and between JACK IN THE BOX INC., a Delaware corporation (the "Company"), and ______ (the "Indemnitee").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors, officers or agents of corporations unless they are protected by comprehensive liability insurance or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors, officers and other agents.

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors, officers and agents with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take.

C. Plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors, officers and other agents.

D. The Company believes that it is unfair for its directors, officers and agents and the directors, officers and agents of its subsidiaries to assume the risk of huge judgments and other expenses which may occur in cases in which the director, officer or agent received no personal profit and in cases where the director, officer or agent was not culpable.

E. The Company recognizes that the issues in controversy in litigation against a director, officer or agent of a corporation such as the Company or its subsidiaries are often related to the knowledge, motives and intent of such director, officer or agent, that he is usually the only witness with knowledge of the essential facts and exculpating circumstances regarding such matters, and that the long period of time which usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director, officer or agent can reasonably recall such matters; and may extend beyond the normal time for retirement for such director, officer or agent with the result that he, after retirement or in the event of his death, his spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director, officer or agent from serving in that position.

F. Based upon their experience as business managers, the Board of Directors of the Company (the "Board") has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to take the business risks necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to assume for itself maximum liability for expenses and damages in connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company's stockholders.

G. Section 145 of the General Corporation Law of Delaware, under which the Company is organized ("Section 145"), empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive.

H. The Company desires and has requested the Indemnitee to serve or continue to serve as a director, officer or agent of the Company and/or one or more subsidiaries of the Company free from undue concern for claims for damages arising out of or related to such services to the Company and/or one or more subsidiaries of the Company.

I. Indemnitee is willing to serve, or to continue to serve, the Company and/or one or more subsidiaries of the Company, provided that he is furnished the indemnity provided for herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For the purposes of this Agreement, “agent” of the Company means any person who is or was a director, officer, employee or other agent of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director, officer, employee or agent of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

(b) Expenses. For purposes of this Agreement, “expenses” include all out-of-pocket costs of any type or nature whatsoever (including, without limitation, all attorneys’ fees and related disbursements), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement or Section 145 or otherwise; provided, however, that unless otherwise specified herein “expenses” shall not include any judgments, fines, ERISA excise taxes or penalties, or amounts paid in settlement of a proceeding.

(c) Proceeding. For the purposes of this Agreement, “proceeding” means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, or investigative.

(d) Subsidiary. For purposes of this Agreement, “subsidiary” means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he tenders his resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

3. Liability Insurance.

(a) Maintenance of D&O Insurance. The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as an agent of the Company and thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to Section 3(c), shall promptly obtain and maintain in full force and effect directors’ and officers’ liability insurance (“D&O Insurance”) in reasonable amounts from established and reputable insurers.

(b) Rights and Benefits. In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, if the Indemnitee is not a director or officer but is a key employee.

(c) Limitation on Required Maintenance of D&O Insurance. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

4. Mandatory Indemnification. Subject to Section 9 below, the Company shall indemnify the Indemnitee as follows:

(a) Successful Defense. To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which the Indemnitee was a party by reason of the fact that he is or was an agent of the Company at any time, against all expenses of any type whatsoever actually and reasonably incurred by him in connection with the investigation, defense or appeal of such proceeding.

(b) Third Party Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(c) Derivative Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, the Company shall indemnify the Indemnitee against all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and its stockholders; except that no indemnification under this subsection 4(c) shall be made in respect to any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper.

(d) Actions where Indemnitee is Deceased. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, and if prior to, during the pendency of orafter completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify the Indemnitee's heirs, executors, administrators and estate against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Sections 4(a), 4(b), or 4(c) above were Indemnitee still alive.

(e) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) for which payment is actually made to or on behalf of Indemnitee under a valid and collectible insurance policy of D&O Insurance, or under another valid and enforceable indemnity clause, by-law or agreement.

5. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a proceeding, but not entitled, however, to indemnification for all of the total amount hereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion hereof to which the Indemnitee is not entitled.

6. Mandatory Advancement of Expenses. Subject to Section 8(a) below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall be determined ultimately that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to the Indemnitee within twenty (20) days following delivery of a written request therefor by the Indemnitee to the Company. In the event that the Company fails to pay expenses as incurred by the Indemnitee as required by this paragraph, Indemnitee may seek mandatory injunctive relief from any court having jurisdiction to require the Company to pay expenses as set forth in this paragraph. If Indemnitee seeks mandatory injunctive relief pursuant to this paragraph, it shall not be a defense to enforcement of the Company's obligations set forth in this paragraph that Indemnitee has an adequate remedy at law for damages.

7. Notice and Other Indemnification Procedures.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

(b) If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7(a) hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event the Company shall be obligated to pay the expenses of any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that (i) the Indemnitee shall have the right to employ his counsel in any such proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

8. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the General Corporation Law of Delaware or (iv) the proceeding is brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145;

(b) Lack of Good Faith. To indemnify the Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous; or

(c) Unauthorized Settlements. To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a proceeding unless the Company consents to such settlement, which consent shall not be unreasonably withheld.

(d) SEC Undertaking. Indemnitee understands and acknowledges that the Company may be required in the future to undertake with the Securities and Exchange Commission (the "SEC") to submit in certain circumstances the question of the indemnification to a court for a determination of the Company's right under public policy to indemnify Indemnitee.

9. Non-exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to action in his official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

10. Enforcement. Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Indemnitee, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under this Agreement (other than an action brought to enforce a claim for expenses pursuant to Section 6 hereof, provided that the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Sections 4 and 8 hereof. Neither the failure of the Company (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board of Directors or its stockholders) that such indemnification is improper, shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

12. Survival of Rights.

(a) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Indemnitee was serving in the capacity referred to herein.

(b) The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

13. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to the Indemnitee to the fullest extent permitted by law including those circumstances in which indemnification would otherwise be discretionary.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 13 hereof.

15. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

THE COMPANY:

JACK IN THE BOX INC.,
a Delaware corporation

By ____

Title _______________________________________

Address 9330 Balboa Avenue
San Diego, CA 92123-1516
Attn: Corporate Secretary

INDEMNITEE:

____

Address

CONSENT AGREEMENT

This CONSENT AGREEMENT (this "Agreement") by and among (a) Jack in the Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("JIB"), (b) CRC-I Limited Partnership, a Massachusetts limited partnership ("CRC-I LP"), CRC-II Limited Partnership, a Massachusetts limited partnership ("CRC-II LP" and together with CRC-I LP, the "CRC Partnerships"), New CRC-I Holdings Limited Partnership, a Delaware limited partnership and the owner of 100% of the limited partner interests of CRC-I LP ("CRC-I Holdings"), New CRC-II Holdings Limited Partnership, a Delaware limited partnership and the owner of 100% of the limited partner interests of CRC-II LP ("CRC-II Holdings" and, together with CRC-I Holdings, the "Limited Partners"), CRC-I Corp., a Massachusetts corporation and the sole general partner of CRC-I LP ("CRC-I"), and CRC-II Corp., a Massachusetts corporation and the sole general partner of CRC-II LP ("CRC-II" and together with CRC-I, the "General Partners"; the General Partners, the Limited Partners and the CRC Partnerships collectively the "CRC Parties"), and (c) only with respect to Section 3(b) and Section 7 hereof, R. Gordon Mathews, an individual ("Mathews"), and Howard E. Phillips, an individual ("Phillips"), is dated as of August 29, 2002.

W I T N E S S E T H

WHEREAS, in 1993 and 1994, JIB and certain other parties entered into a $70 million sale-leaseback financing facility pursuant to a series of transactions, including a public note financing (such transactions, collectively, the "CRC Transactions");

WHEREAS, pursuant to the CRC Transactions, JIB and CRC-I LP entered into that certain Master Lease dated as of December 15, 1993 (as amended and supplemented from time to time, the "CRC-I Master Lease") and JIB and CRC-II LP entered into that certain Master Lease dated as of December 15, 1993 (as amended and supplemented from time to time, the "CRC-II Master Lease" and, together with the CRC-I Master Lease, the "Master Leases") pursuant to which JIB leased designated restaurant properties from CRC-I and CRC-II, as applicable (such properties, collectively, the "Units");

WHEREAS, in 1997, JIB's wholly-owned affiliate FM 1997 Limited Partnership ("FM 1997") purchased the estates for years interests in 31 of the 38 Units leased from CRC-II to JIB (such 31 CRC Properties, the "FM 1997 Properties", and such transaction, the "FM 1997 Transaction");

WHEREAS, the Master Leases contain provisions whereby JIB may make an offer (the "Year Nine Offer") during the ninth year of the Master Leases to purchase from each of CRC-I and CRC-II, as applicable, the estates for years interests that the CRC Partnerships hold in the Units;

WHEREAS, the CRC Partnerships are under no obligation under the Master Leases to accept the Year Nine Offer;

WHEREAS, the parties hereto are parties to that certain Second Amended and Restated Agreement Regarding Corporate Governance dated as of October 23, 1997 (the

“Corporate Governance Agreement”) which, among other things, provides to the Limited Partners certain rights with respect to the acceptance or rejection by the CRC Partnerships of the Year Nine Offer;

WHEREAS, JIB desires to make the Year Nine Offer on the terms described below and desires to ensure the acceptance by the CRC Partnerships of the Year Nine Offer; and, in exchange for the consideration provided for herein, (i) each CRC Partnership desires to accept the Year Nine Offer on the terms described below and (ii) each CRC Party (other than the CRC Partnerships) desires to cause the CRC Partnerships to accept the Year Nine Offer on the terms described below;

WHEREAS, Mathews and Phillips, as the owners of the Limited Partners, will derive significant benefits from the transactions contemplated hereby;

NOW THEREFORE, in consideration of the premises and the agreements, provisions and covenants set forth below, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Indenture dated as of December 15, 1993 between FM 1993A Corp., a Delaware corporation (“FM 1993A”) and State Street Bank and Trust Company, as Indenture Trustee (the “Indenture Trustee”) (as amended, the “Indenture”), or if not defined in the Indenture, as defined in the Master Leases.

2. Offer and Consent Date Transactions.

(a) Offer. On the date hereof (the “Offer and Consent Date”), JIB shall make a Year Nine Offer in accordance with Section 30(a) of each of the Master Leases to purchase from the CRC Partnerships and FM 1997 the Lessor’s Estate in all of the Units then subject to the Master Leases for an aggregate purchase price of $47,000,000. The terms and conditions of the Year Nine Offer with respect to the Units leased to JIB under the CRC-I Master Lease (the “CRC-I Units”) are more fully set forth in the form of Year Nine Offer attached hereto as **Exhibit A-1**. The terms and conditions of the Year Nine Offer with respect to the Units leased to JIB under the CRC-II Master Lease are more fully set forth in the form of Year Nine Offer attached hereto as **Exhibit A-2**.

(b) Acceptances. The CRC Partnerships hereby acknowledge that the Year Nine Offers described above comply in all respects with the requirements for a valid Year Nine Offer set forth in Section 30(a) of each of the Master Leases, including, without limitation, that the sum of $47,000,000 is no less than the aggregate required Year Nine Minimum Purchase Price. In consideration of the payments to be made by JIB as set forth in Section 4, (i) CRC-I LP shall, and CRC-I Holdings and CRC-I shall cause CRC-I LP to, deliver to JIB on the Offer and Consent Date an acceptance of the Year Nine Offer with respect to the CRC-I Units substantially in the form attached hereto as **Exhibit B-1**, (ii) CRC-II LP shall, and CRC-II Holdings and CRC-II shall cause CRC-II LP to, deliver to JIB on the Offer and Consent Date an acceptance of the Year Nine Offer with respect to the CRC-II Units that are not FM 1997 Properties substantially in the form attached hereto as **Exhibit B-2**, and (iii) CRC II LP shall, and CRC-II Holdings and CRC-II shall cause CRC-II LP to, deliver to JIB on the Offer and Consent Date an acknowledgement and consent with respect to the acceptance of the Year Nine Offer by FM 1997 with respect to the CRC-II Units that are FM 1997 Properties substantially in the form attached hereto as **Exhibit B-3.** FM 1997 will deliver to JIB on the Offer and Consent Date an acceptance of the Year Nine Offer with respect to the CRC-II Units that are FM 1997 Properties substantially in the form attached hereto as **Exhibit B-3.** The CRC Partnerships, the Limited Partners and the General Partners jointly and severally waive any right to challenge the form, validity or sufficiency of the Year Nine Offers or their compliance with the requirements of Section 30(a) of each of the Master Leases. The acceptances of the Year Nine Offers described in this Section 2(b) are collectively defined herein as the "Acceptances," with each, individually, an "Acceptance."

(c) On the Offer and Consent Date, JIB shall make the payments set forth in Section 4(a)(i) to the applicable parties set forth therein.

3. Closing Date Transactions.

(a) On the First Business Day of January 2003 (the "Closing Date"), JIB shall make the payments under the Year Nine Offer directly to the Indenture Trustee for the benefit of the Noteholders as described in **Exhibit C** hereto. The CRC Parties hereby consent to the cash flow set forth on Exhibit C. As contemplated by Section 28(b) of the Master Leases, on the Closing Date, each of the CRC Partnerships and FM 1997 shall transfer all of their respective interests in all of the Units to JIB. The parties intend that, upon the Closing Date, upon and by virtue of the direct payments by JIB to the Indenture Trustee contemplated by Exhibit C and the application thereof in accordance with the Indenture, the Master Leases, the CRC Notes and the Notes, (i) the CRC Notes shall be paid in full (and each CRC Partnership hereby consents and agrees to such payment in full), (ii) the Notes shall be paid in full, (iii) the Indenture, the Master Leases, and all other documents relating to the CRC Transactions shall be terminated and (iv) all liens imposed on the Units pursuant to the CRC Transactions shall be discharged (all such actions set forth in this Section 3(a), collectively, the "Closing").

(b) On the Closing Date, each party hereto (including Mathews and Phillips), together with certain other parties to the CRC Transactions, shall enter into a mutual release agreement, in form and substance attached hereto as **Exhibit D** (the "Release"), releasing each other party from its obligations and liabilities under and with respect to the CRC Transactions.

(c) On the Closing Date, subject to the conditions set forth in Section 9, JIB shall make the payments set forth in Section 4(a)(ii) to the applicable parties set forth therein.

4. Consideration Payable to CRC Partnerships, Limited Partners and General Partners.

(a) In consideration of the agreement of the CRC Partnerships, the Limited Partners and the General Partners to accept the Year Nine Offers, JIB agrees to pay the following amounts to the CRC Partnerships and the Limited Partners:

(i) Offer and Consent Date Payments: On the Offer and Consent Date JIB shall pay:

(A) an aggregate amount equal to $10,000 to the CRC Partnerships, and

(B) an aggregate amount equal to $90,000 to the Limited Partners (the amounts described in this clause (i), the "Offer and Consent Date Payments").

(ii) Closing Date Payments: On the Closing Date, subject to the conditions set forth in Section 9, JIB shall pay:

(A) an aggregate amount equal to $15,000 to the CRC Partnerships, and

(B) an aggregate amount equal to $1,185,000 to the Limited Partners (the amounts described in this clause (ii), the "Closing Date Payments").

(b) Payments pursuant to Section 4(a) to the CRC Partnerships shall be divided equally between CRC-I LP and CRC-II LP and shall be made in the manner and to the account designated in writing by each CRC Partnership to JIB no later than three Business Days prior to the Offer and Consent Date or the Closing Date, as applicable. Payments pursuant to Section 4(a) to the Limited Partners shall be allocated between CRC-I Holdings and CRC-II Holdings in such proportion as agreed upon by the Limited Partners and shall be made in the manner and to the account designated in writing by each Limited Partner to JIB no later than three Business Days prior to the Offer and Consent Date or the Closing Date, as applicable. Each of the CRC Partnerships shall distribute its portion of the payments contemplated by Section 4(a) to its partners pursuant to the provisions of its partnership agreement immediately upon receipt. JIB agrees that (i) the designation referenced in the first sentence of this Section 4(b) may be made by R. Gordon Mathews, in his capacity as Assistant Treasurer of each of the General Partners on behalf of the CRC Partnerships and (ii) the distribution of payments referenced in the immediately preceding sentence of this Section 4(b) may be made as directed by R. Gordon Mathews, in his capacity as Assistant Treasurer of each of the General Partners on behalf of the CRC Partnerships, so long as such distribution is in accordance with the provisions of the applicable partnership agreement.

5. Dissolution. Prior to the Closing Date, each of the CRC Partnerships and each of the General Partners shall secure the necessary authorization for their dissolution. Promptly following the receipt of their respective portions of the Closing Date Payments, each of the CRC Partnerships and the General Partners shall file certificates of dissolution, certificates of cancellation or comparable documents with the Secretary of State of Massachusetts. The parties hereto shall cooperate to ensure that prior to the Closing Date, FM 1993A shall have secured the necessary authorization for its dissolution and shall file with the Secretary of State for Delaware a certificate of dissolution to effect its dissolution as of the Closing Date.

6. Representations and Warranties of CRC Partnerships, Limited Partners and General Partners. Each of the CRC Parties jointly and severally represent and warrant as follows:

(a) Existence; Compliance with Law. Each of the CRC Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b)has the power and authority, and the legal right, to enter into the transactions contemplated by this Agreement, (c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its performance of its obligations under this Agreement requires such qualification except to the extent that the failure be so qualified could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the performance of its obligations under this agreement.

(b) Power; Authorization; No Consents or Conflicts; Enforceable Obligations. Each of the CRC Parties has the power and authority, and the legal right, to make, deliver and perform this Agreement and the other documents related hereto (including without limitation each Acceptance) (collectively, the "Transaction Documents") to which it is a party. Each of the CRC Parties has taken all necessary corporate or partnership action to authorize the execution, delivery and performance of each Transaction Document to which it is a party. The execution and delivery by each CRC Party of each Transaction Document to which it is a party and the performance by each CRC Party of its obligations under the Transaction Documents in accordance with their respective terms will not violate any provision of law, any order of any court or other agency of government, the partnership agreement or other constituent documents of such CRC Party, or any provision of any agreement or other instrument to which such CRC Party is bound, or conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such agreement or other instrument, or require the consent of any Person which such consent has not been obtained by the applicable CRC Party prior to the date hereof. This Agreement and each Acceptance has been duly executed and delivered on behalf of each of the CRC Parties and is in full force and effect. Each other Transaction Document to which any of the CRC Parties is a party is, or will be when required to be delivered pursuant hereto, duly executed and delivered on behalf of each of the CRC Parties and is, or will be when required to be delivered pursuant hereto, in full force and effect. This Agreement and each Acceptance constitutes, and each other Transaction Document to which any of the CRC Parties is a party when executed and delivered will constitute, a legal, valid and binding obligation of such CRC Party, enforceable against such party in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) Equity Interests. CRC-I Holdings owns 100% of the existing limited partner interests in CRC-I LP. CRC-II Holdings owns 100% of the existing limited partner interests in CRC-II LP. CRC-I is the sole general partner of CRC-I LP. CRC-II is the sole general partner of CRC-II LP.

(d) No Unauthorized Indebtedness. None of Mr. R. Gordon Mathews, Mr. Howard E. Phillips, the Limited Partners or the General Partners has taken any action that would result in either of the CRC Partnerships' incurring any indebtedness or any liability not permitted by such CRC Partnership's organizational documents.

7. Representations and Warranties of Mathews and Phillips. Each of Mathews and Phillips, severally and not jointly, represent and warrant as follows: (a) This Agreement and each other Transaction Document to which Mathews and Phillips is a party is, or will be when required to be delivered pursuant hereto, duly executed and delivered on behalf of each of Mathews and Phillips and is, or will be when required to be delivered pursuant hereto, in full force and effect. This Agreement constitutes, and each other Transaction Document to which Mathews and Phillips is a party when executed and delivered will constitute, a legal, valid and binding obligation of each of Mathews and Phillips, enforceable against such party in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(b) None of Mr. R. Gordon Mathews, Mr. Howard E. Phillips, or the Limited Partners has taken any action that would result in either of the CRC Partnerships' incurring any indebtedness or any liability not permitted by such CRC Partnership's organizational documents.

8. Representations and Warranties of JIB. JIB hereby represents and warrants as of the Offer and Consent Date as follows:

(a) Corporate Existence; Compliance with Law. JIB (a) is duly organized, validly existing and in good standing under the laws of the state of Delaware, (b) has the corporate power and authority, and the legal right, to enter into the transactions contemplated by this Agreement, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its performance of its obligations under this Agreement requires such qualification except to the extent that the failure be so qualified could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the performance of its obligations under this Agreement.

(b) Corporate Power; Authorization; No Consents or Conflicts; Enforceable Obligations. JIB has the corporate power and authority, and the legal right, to make, deliver and perform this Agreement the other Transaction Documents and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and such other Transaction Documents to which it is a party. The execution and delivery by JIB of each Transaction Document to which it is a party and the performance by JIB of its obligations under the Transaction Documents in accordance with their respective terms will not violate any provision of law, any order of any court or other agency of government, the constituent documents of JIB, or any provision of any agreement or other instrument to which JIB is bound, or conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such agreement or other instrument, or require the consent of any Person which such consent has not been obtained by JIB prior to the date hereof. This Agreement has been, and each other Transaction Document to which JIB is a party will be, duly executed and delivered on behalf of JIB. This Agreement constitutes, and each other Transaction Document to which JIB is a party when executed and delivered will constitute, a legal, valid and binding obligation of JIB, enforceable against JIB in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) No Unauthorized Indebtedness. JIB has not taken any action that would result in either of the CRC Partnerships' incurring any indebtedness or any liability not permitted by such CRC Partnership's organizational documents.

9. Conditions Precedent to Closing Date Payments. The obligation of JIB to make the Closing Date Payments shall be subject to the satisfaction (or waiver by JIB) on or before the Closing Date of each of the following conditions:

(a) Compliance with Representations and Warranties; Covenants. Each of the representations and warranties contained in Sections 6 and 7 hereof shall be true and correct as of the Closing Date; and each CRC Party shall have complied with its obligations hereunder that are required to be performed on or before the Closing Date.

Notwithstanding the foregoing, the execution of the Release by the parties thereto shall not be a condition to the obligation of JIB to make the Closing Date Payments; provided, however, that the parties hereto retain their legal and equitable rights with respect to an action for damages against any party hereto that fails to fulfill its obligation to execute the Release on the Closing Date.

10. Miscellaneous.

(a) Further Assurances. Each party shall perform any further acts and execute and deliver any documents which reasonably may be necessary to carry out the intent of this Agreement. Without limiting the foregoing, the parties hereto agree to cooperate in taking all actions reasonably necessary for the termination of the CRC Transactions and the documentation thereof, including, without limitation, obtaining the consent of any third party necessary to effectuate such termination.

(b) Attorneys' Fees. Each party hereto shall bear its own legal, accounting and other fees and expenses incurred in the drafting and negotiation of, and its performance under, this Agreement and each of the Exhibits hereto. In the event of any action at law, suit in equity or arbitration proceeding in relation to this Agreement or any of the Exhibits hereto, the prevailing party shall be paid by the other party a reasonable sum for attorney's fees and expenses of such prevailing party.

(c) Governing Law; Venue; Waiver of Jury Trial. This Agreement in all respects shall be interpreted, enforced and governed by and under the laws of the State of California. Venue for any action, whether arbitration, judicial or otherwise, shall be in San Diego County, California. The parties hereby waive any right to have trial by jury in any action, suit or proceeding brought to enforce or defend any rights or remedies arising under or in connection with this Agreement, whether grounded in tort, contract or otherwise

(d) Injunctive Relief. The parties hereto acknowledge and agree that irreparable damage would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and shall be entitled to enforce specifically the provisions of this Agreement in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which the parties may be entitled under this Agreement or at law or in equity.

(e) Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party without the prior written consent of the other parties hereto, and any such purported assignment shall be void.

(f) Integration. This Agreement memorializes and constitutes the final, complete and exclusive agreement and understanding between the parties, and supersedes and replaces all prior negotiations, proposed agreements and agreements, whether written or oral. Each party to this Agreement acknowledges that no other party or agent or attorney for any other party has made any promise, representation or warranty whatsoever, express or implied, which is not expressly contained in this Agreement and each party further acknowledges that it has not executed this Agreement in reliance upon any collateral promise, representation or warranty, or in reliance on any belief as to any fact not expressly recited in the Recitals above.

(g) Headings. Paragraph headings have been inserted into this Agreement as a matter of convenience only and are not a part of this Agreement and shall not be used in the interpretation of this Agreement.

(h) Severance. If a provision of this Agreement is held to be illegal or invalid by a court of competent jurisdiction, said provision shall be deemed to be severed and deleted and neither such provision, nor its severance and deletions shall affect the validity of the remaining provisions.

(i) Counterparts. This Agreement may be executed in one or more counterparts all of which together shall constitute one original document.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of this 29 day of August 2002.

JACK IN THE BOX INC.

By: MICHAEL J. SNIDER

Name: Michael J. Snider
Title: Assistant Secretary

CRC-I LIMITED PARTNERSHIP

By: CRC-I Corp.
Its: General Partner
By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: President

CRC-II LIMITED PARTNERSHIP

By: CRC-II Corp.
Its: General Partner
By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: President

NEW CRC-I HOLDINGS LIMITED

PARTNERSHIP
By: New CRC-I Holdings Corp.
Its: General Partner
By: R. GORDON MATHEWS

Name: R. Gordon Mathews
Title: General Partner

NEW CRC-II HOLDINGS LIMITED

PARTNERSHIP
By: New CRC-II Holdings Corp.
Its: General Partner
By: R. GORDON MATHEWS

Name: R. Gordon Mathews
Title: General Partner

[Consent Agreement Signature Page]

CRC-I CORP.
By: Harold L. Sachs
Name: Harold L. Sachs
Title: President

CRC-II CORP.
By: Harold L. Sachs
Name: Harold L. Sachs
Title: President

HOWARD E. PHILLIPS

R. GORDON MATHEWS

[Consent Agreement Signature Page]

Exhibit A-1

YEAR NINE OFFER
CRC-I Limited Partnership

To: CRC-I Limited Partnership

Reference is hereby made to that certain Master Lease dated as of December 15, 1993 (the "Master Lease") by and between Jack In The Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("Lessee"), and CRC-I Limited Partnership, a Massachusetts limited partnership ("Lessor"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Master Lease.

Pursuant to Section 30(a) of the Master Lease, Lessee desires to make a Year Nine Offer for Lessor's Estate in all of the Units subject to the Master Lease (the "Year Nine Units").

Lessee determines the aggregate value of Lessor's and Lessee's interests in the Year Nine Units solely for purposes of Section 30 of the Master Lease to be $20,258,982.06 (the "Year Nine Offer Value").

Lessee hereby irrevocably offers to purchase Lessor's Estate in the Year Nine Units from the Lessor for an aggregate purchase price of $20,258,982.06 ("Lessee's Initial Year Nine Price"), to be paid to the Indenture Trustee on the first Business Day of January, 2003. Lessee's Initial Year Nine Price is allocated to each Year Nine Unit based on the ratio of the Termination Value of such Unit to the total of all Termination Values for the Year Nine Units.

IN WITNESS WHEREOF, Lessee has caused this Year Nine Offer to be duly executed and delivered to Lessor on this 27 day of August, 2002.

JACK IN THE BOX INC.

By: MICHAEL J. SNIDER

Name: Michael J. Snider
Title: Assistant Secretary

Exhibit A-2

YEAR NINE OFFER
CRC-II Limited Partnership
FM 1997 Limited Partnership

To: CRC-II Limited Partnership
FM 1997 Limited Partnership

Reference is hereby made to that certain Master Lease dated as of December 15, 1993 (the "Master Lease") by and between Jack In The Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("Lessee"), and CRC-II Limited Partnership, a Massachusetts limited partnership ("CRC-II"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Master Lease.

Pursuant to Section 30(a) of the Master Lease, Lessee desires to make a Year Nine Offer for Lessor's Estate in all of the Units subject to the Master Lease (the "Year Nine Units"), which represent all of the Units subject to the Master Lease.

Lessee determines the aggregate value of Lessor's and Lessee's interests in the Year Nine Units solely for purposes of Section 30 of the Master Lease to be $26,741,017.94 (the "Year Nine Offer Value").

Lessee hereby irrevocably offers to purchase Lessor's Estate (including without limitation any interest therein of CRC-II and FM 1997) in the Year Nine Units from the Lessor for an aggregate purchase price of $26,741,017.94 ("Lessee's Initial Year Nine Price"), to be paid to the Indenture Trustee on the first Business Day of January, 2003. Lessee's Initial Year Nine Price is allocated to each Year Nine Unit based on the ratio of the Termination Value of such Unit to the total of all Termination Values for the Year Nine Units.

IN WITNESS WHEREOF, Lessee has caused this Year Nine Offer to be duly executed and delivered to Lessor on this 27 day of August, 2002.

JACK IN THE BOX INC.

By: MICHAEL J. SNIDER

Name: Michael J. Snider
Title: Assistant Secretary

Exhibit B-1

ACCEPTANCE
of
YEAR NINE OFFER

CRC-I Limited Partnership

Reference is hereby made to that certain Master Lease dated as of December 15, 1993 (the "Master Lease") by and between Jack In The Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("Lessee"), and CRC-I Limited Partnership, a Massachusetts limited partnership ("Lessor"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Master Lease.

Lessor acknowledges receipt from Lessee of a Year Nine Offer dated August 27, 2002 made pursuant to Section 30(a) of the Master Lease to purchase Lessor's Estate in all of the Units subject to the Master Lease (the "Year Nine Units"), for an aggregate purchase price of $20,258,982.06 ("Lessee's Initial Year Nine Price") to be paid to the Indenture Trustee on the first Business Day of January, 2003. Lessor acknowledges that Lessee's Initial Year Nine Price is allocated to each Year Nine Unit based on the ratio of the Termination Value of such Unit to the total of all Termination Values for the Year Nine Units.

Lessor hereby accepts such Year Nine Offer and agrees to sell to Lessee Lessor's Estate in the Year Nine Units on the first Business Day of January, 2003 for the purchase price set forth above and on the terms and conditions set forth in the Master Lease.

IN WITNESS WHEREOF, Lessor has caused this Acceptance of Year Nine Offer to be duly executed and delivered to Lessee on this 27th day of August, 2002.

CRC-I LIMITED PARTNERSHIP
By: CRC-I Corp., its sole general partner

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: President

Exhibit B-2

ACCEPTANCE
of
YEAR NINE OFFER

CRC-II Limited Partnership

Reference is hereby made to that certain Master Lease dated as of December 15, 1993 (the "Master Lease") by and between Jack In The Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("Lessee"), and CRC-II Limited Partnership, a Massachusetts limited partnership ("CRC-II"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Master Lease, or, if not defined therein, in the Consent Agreement among JIB, Lessor and certain other parties dated as of August 27, 2002.

Lessor acknowledges receipt from Lessee of a Year Nine Offer dated August 27, 2002 made pursuant to Section 30(a) of the Master Lease to purchase Lessor's Estate in all of the Units subject to the Master Lease (the "Year Nine Units"), for an aggregate purchase price of $26,741,017.94 ("Lessee's Initial Year Nine Price") to be paid to the Indenture Trustee on the first Business Day of January, 2003. CRC-II acknowledges that Lessee's Initial Year Nine Price is allocated to each Year Nine Unit based on the ratio of the Termination Value of such Unit to the total of all Termination Values for the Year Nine Units.

CRC-II hereby accepts such Year Nine Offer with respect to the Units that are not FM 1997 Properties and agrees to sell to Lessee Lessor's Estate in such Year Nine Units to JIB on the first Business Day of January, 2003 for the portion of Lessee's Initial Year Nine Price allocated to such Units as set forth above and on the terms and conditions set forth in the Master Lease.

IN WITNESS WHEREOF, CRC-II has caused this Acceptance of Year Nine Offer to be duly executed and delivered to Lessee on this 27th day of August, 2002.

CRC-II LIMITED PARTNERSHIP
By: CRC-II Corp., its sole general partner

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: President

Exhibit B-3

ACCEPTANCE
of
YEAR NINE OFFER

FM 1997 Limited Partnership
CRC-II Limited Partnership

Reference is hereby made to that certain Master Lease dated as of December 15, 1993 (the "Master Lease") by and between Jack In The Box Inc. (f/k/a Foodmaker, Inc.), a Delaware corporation ("Lessee"), and CRC-II Limited Partnership, a Massachusetts limited partnership ("CRC-II"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Master Lease, or, if not defined therein, in the Consent Agreement among JIB, CRC-II and certain other parties dated as of August 27, 2002.

Each of CRC-II and FM 1997 Limited Partnership, a Delaware limited partnership ("FM 1997") acknowledges receipt from Lessee of a Year Nine Offer dated August 27, 2002 made pursuant to Section 30(a) of the Master Lease to purchase Lessor's Estate in all of the Units subject to the Master Lease (the "Year Nine Units"), for an aggregate purchase price of $26,741,017.94 ("Lessee's Initial Year Nine Price") to be paid to the Indenture Trustee on the first Business Day of January, 2003. Each of FM 1997 and CRC-II acknowledges that Lessee's Initial Year Nine Price is allocated to each Year Nine Unit based on the ratio of the Termination Value of such Unit to the total of all Termination Values for the Year Nine Units.

FM 1997 hereby accepts such Year Nine Offer with respect to the Units that are FM 1997 Properties and agrees to sell to Lessee Lessor's Estate in such Year Nine Units to JIB on the first Business Day of January, 2003 for the portion of Lessee's Initial Year Nine Price allocated to such Units as set forth above and on the terms and conditions set forth in the Master Lease.

Pursuant to that certain Estates for Years Agreement between CRC-II and FM 1997 dated as of October 23, 1997, (i) FM 1997 is deemed the Lessor under the Master Lease and (ii) FM 1997 has the right, in its sole discretion, to accept or reject the Year Nine Offer. CRC-II hereby acknowledges and consents to FM 1997's acceptance of such Year Nine Offer and disclaims any interest in the FM 1997 Properties.

IN WITNESS WHEREOF, each of FM 1997 and CRC-II has caused this Acceptance of Year Nine Offer to be duly executed and delivered to Lessee on this 27th day of August, 2002.

FM 1997 LIMITED PARTNERSHIP
By: FM 1997 Corp., its sole general partner

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: Secretary and Treasurer

CRC-II LIMITED PARTNERSHIP
By: CRC-I Corp., its sole general partner

By: HAROLD L. SACHS

Name: Harold L. Sachs
Title: President

Exhibit C

CRC TERMINATION TRANSACTIONS
PRELIMINARY CASH FLOW SUMMARY

Payments from Jack in the Box		
a)	December 31, 2002 (Tuesday)	
	Basic Rent (Including $25,000 Admin Acct Pymt)	3,437,500
	Special Rent (Semi-Annual Sinking Fund Payment)	747,402
	Special Rent (2002 Payment)	5,500,000
	Special Rent (Sinking Fund “Top Up”)*	905,000
	Total	$10,589,902
b)	January 2, 2002 (Paid 1/2/03 due to holiday)	
	Payments from JIB to Indenture Trustee:	
	Purchase Price for all Estates for Years	47,000,000
	Total Payments from JIB to Indenture Trustee	$57,589,902
Indenture Trustee Payment Detail		
a)	Sources	
	Estimated Sinking Fund Balance (Pre-12/31/02 Contrib)	15,847,598
	Funds Received from JIB on 12/31/02 and 1/2/03	57,589,902
	Total Amount Available to Indenture Trustee 1/2/03	$73,437,500
b)	Uses—Indenture Trustee pays Noteholders	
	Principal paid Noteholders	70,000,000
	Accrued and Unpaid Interest paid Noteholders	3,412,500
c)	Uses—Administrative Account	
	Indenture Trustee pays into Administrative Account	25,000
	Total Uses	$73,437,500
d)	Disposition of Administrative Account balance	
	Administrative Account balance paid to JIB**	$ 381,680
Additional Payments from Jack in the Box		
	(a) Offer and Consent Date	
	JIB pays partial Consent Payment to CRC-I, CRC-II and Limited Partners	$ 100,000
	(b) 1/2/03 Payment	
	JIB pays partial Consent Payment to CRC-I, CRC-II and Limited Partners	$ 1,200,000
Total JIB Payment		$58,889,902

*Assumes Ideal Sinking Fund Balance (inclusive of Year Nine Special Rent) of $22,999,996 and estimated actual sinking fund balance as of 12/31/02 (after payment of Special Rent due on 12/31/02 and Year Nine Special Rent) of $22,095,000.

**Estimate of balance in Administrative Account as of 12/31/02.

Exhibit D

MUTUAL RELEASE AND TERMINATION OF OBLIGATIONS

THIS MUTUAL RELEASE AND TERMINATION OF OBLIGATIONS ("Release") is made as of this ____ day of January 2003 by and among Jack In The Box Inc. (f/k/a "Foodmaker, Inc."), a Delaware corporation ("JIB"), CRC-I Limited Partnership, a Massachusetts limited partnership ("CRC-I LP"), CRC-II Limited Partnership, a Massachusetts limited partnership ("CRC-II LP" and, together with CRC-I LP, the "CRC Partnerships"), CRC-I Corp., a Massachusetts corporation and sole general partner of CRC-I LP ("CRC-I"), CRC-II Corp., a Massachusetts limited partnership and sole general partner of CRC-II LP ("CRC-II" and, together with CRC-I, the "General Partners"), New CRC-I Holdings Limited Partnership, a Delaware limited partnership and owner of 100% of the limited partnership interests of CRC-I LP, ("CRC-I Holdings"), New CRC-II Holdings Limited Partnership, a Delaware limited partnership and owner of 100% of the limited partnership interests of CRC-II LP ("CRC-II Holdings" and, together with CRC-I Holdings, the "Limited Partners"), FM 1993A Corp., a Delaware corporation ("FM 1993A"), R. Gordon Mathews, an individual ("Mathews"), Howard E. Phillips, an individual ("Phillips"), New CRC-I Holdings Corp., ("CRC-I Holdings Corp."), and New CRC-II Holdings Corp. ("CRC-II Holdings Corp.") (the CRC Partnerships, the General Partners, the Limited Partners, FM 1993A, CRC-I Holdings Corp., CRC-II Holdings Corp., Mathews, and Phillips, each, individually, a "CRC Party", and, collectively, the "CRC Parties"). JIB and the CRC Parties are each referred to individually as a "Releasing Party," and collectively, the "Releasing Parties."

W I T N E S S E T H

WHEREAS, in 1993 and 1994, JIB, the CRC Partnerships, FM1993A and certain other parties entered into a $70 million sale-leaseback financing facility pursuant to a series of transactions, including a public note financing (such transactions, collectively, the "Original CRC Transactions");

WHEREAS, in connection with the Original CRC Transactions, FM 1993A and State Street Bank and Trust Company, as Indenture Trustee (the "Indenture Trustee"), entered into that certain Indenture dated as of December 15, 1993 (as amended, the "Indenture") pursuant to which FM 1993A issued public notes in the principal amount of $70 million (the "Notes"); the CRC Partnerships issued notes in favor of FM 1993A in the aggregate principal amount of $70 million (the "CRC Notes"); JIB sold estates for years in certain real properties owned by it to the CRC Partnerships; to secure their obligations under the CRC Notes, the CRC Partnerships executed certain Deeds of Trust in favor of FM 1993A with respect to their interest in each of such real properties (the "CRC Deeds of Trust"); in connection with the Original CRC Transactions, JIB executed certain Deeds of Trust in favor of FM1993A with respect to JIB's residual interest in each of such real properties (the "JIB Deeds of Trust" and together with the CRC Deeds of Trust, the "Deeds of Trust"); JIB and CRC-I LP entered into that certain Master Lease dated as of December 15, 1993 (as amended and supplemented from time to time, the "CRC-I Master Lease") and JIB and CRC-II LP entered into that certain Master Lease dated as of December 15, 1993 (as amended and supplemented from time to time, the "CRC-II Master Lease" and, together with the CRC-I Master Lease, the "Master Leases") pursuant to which JIB leased designated properties from CRC-I and CRC-II, as applicable (the Indenture, the Notes, the CRC Notes, the Deeds of Trust, the Master Leases and all such other documents relating to the Original CRC Transactions, collectively, the "CRC Transaction Documents");

WHEREAS, in 1997, JIB's wholly-owned affiliate FM 1997 Limited Partnership ("FM 1997") purchased the estates for years interests in 31 of the 38 properties leased from CRC-II LP to JIB (such transaction, the "1997 Transaction," and collectively with the Original CRC Transactions, the "CRC Transactions");

WHEREAS, JIB, the CRC Partnerships, the General Partners, the Limited Partners, Mathews and Phillips entered into that certain Consent Agreement dated as of August ____, 2002 (the "Consent Agreement") pursuant to which, among other things, the parties thereto agreed to deliver this Release as of the Closing Date (as such term in defined in the Consent Agreement);

NOW THEREFORE, in consideration of the premises and the agreements, provisions and covenants set forth below, the parties hereto agree as follows effective upon payment by JIB of the Closing Date Payments (as defined in the Consent Agreement) pursuant to Sections 3 and 4 of the Consent Agreement:

1. Definitions. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Indenture, or if not defined in the Indenture, as defined in the Master Leases.

2. Release.

(a) For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, JIB hereby knowingly and voluntarily, on behalf of JIB and each of JIB's respective past and present successors, assigns, representatives, officers, directors, affiliates (including FM 1997), and agents, in any and all capacities (each individually, a "JIB Party," and collectively, the "JIB Parties"), forever relieves, releases, and discharges each CRC Party of and from any and all rights, claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or any cause of action, promise, damage, cost, loss and expense of every type, kind, nature, description or character, and irrespective of how, why, or by reason of what facts, whether heretofore or now existing, or that could, might, or may be claimed to exist, of whatever kind or name, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, claimed or unclaimed, whether based on contract, tort, breach of any duty, or other legal or equitable theory of recovery, each as though fully set forth herein at length (collectively a "Claim" or the "Claims") which any of the JIB Parties now has, has ever had or may hereafter have against any CRC Party on account of or arising out of any and all matters, causes or events occurring prior to and including the date hereof and relating to the CRC Transactions, excluding any such Claims arising pursuant to the Consent Agreement or this Release.

(b) For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each CRC Party hereby knowingly and voluntarily, on behalf of such CRC Party and each of such CRC Party's respective past and present successors, assigns, representatives, officers, directors, partners, shareholders, affiliates, and agents, in any and all capacities (each, a "CRC Entity," and, collectively, the "CRC Entities"), forever relieves, releases, and discharges each JIB Party of and from any and all Claims which such CRC Party or any of such CRC Entities now has, has ever had or may hereafter have against any JIB Party on account of or arising out of any and all matters, causes or events occurring prior to and including the date hereof and relating to the CRC Transactions, excluding any such Claims arising pursuant to the Consent Agreement or this Release.

3. Termination. Each of the parties hereto agrees that, to the extent that any of the CRC Transaction Documents to which it is a party shall not terminate automatically with the consummation of the Year Nine Offer, the delivery of the various documents in connection therewith and the repayment in full of the Notes and CRC Notes, and to the extent that no such CRC Transaction Document shall have any unsatisfied conditions to its termination, this Release shall constitute a

termination thereof and such CRC Transaction Document shall hereby be terminated and of no further force and effect.

4. Covenant Not to Sue.

(a) JIB hereby knowingly, voluntarily and irrevocably covenants that it shall refrain from asserting any Claim, or commencing or instituting, any claim, litigation, action or proceeding of any kind against any CRC Party based upon any matter released pursuant to Section 2(a) hereof.

(b) Each CRC Party hereby knowingly, voluntarily and irrevocably covenants that it shall refrain from asserting any Claim, or commencing or instituting, any claim, litigation, action or proceeding of any kind against any JIB Party based upon any matter released pursuant to Section 2(b) hereof.

5. Representations. Each of the Releasing Parties represents and warrants that it is the owner of and has not assigned, sold, transferred, or otherwise disposed of any of the Claims released in paragraph 2 above, nor has such Releasing Party, with the exception of the sale by CRC-II LP to FM 1997 of certain estates for years interests with respect to certain of the Units in 1997 and as set forth on Schedule 1 hereto, previously transferred, sold or hypothecated any right, including without limitation any right to receive payments, it has arising from the CRC Transactions. Each of CRC-I Holdings and CRC-II Holdings have succeeded to all Claims of their respective predecessors in interest as limited partners in each of CRC-I LP and CRC-II LP, respectively. Each of the Releasing Parties further represents and warrants that it has full legal capacity to enter into this Release.

6. General Release. As further consideration for this Release, each Releasing Party hereby agrees, represents, and warrants that the matters released herein are not limited to matters that are known or disclosed to such Releasing Party, and each Releasing Party hereby waives any and all rights and benefits that it now has, or in the future may have, conferred upon it by virtue of the provisions of Section 1542 of the Civil Code of the State of California (or any other statute or common law principles of similar effect), which Section provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

In this connection, each Releasing Party hereby agrees, represents, and warrants that it realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses, and expenses that are presently unknown, unanticipated, and unsuspected, and such Releasing Party further agrees, represents, and warrants that this Release has been negotiated and agreed upon in light of that realization and that, except as expressly limited above, it nevertheless hereby intends to release, discharge, and acquit the parties released by it hereby from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses, and expenses that are in any way related to the CRC Transaction.

7. Miscellaneous. This Release is governed by and shall be construed under the laws of the State of California. If any portion of this Release is adjudicated to be invalid or unenforceable, the validity of the remaining provisions shall be valid and enforceable. This Release may be executed in one or more counterparts all of which together shall constitute one original document.

IN WITNESS WHEREOF, the parties hereto have caused this Release to be duly executed as of the date first set forth above.

JACK IN THE BOX INC.

By: ______________________________

Name:

Title:

CRC-I LIMITED PARTNERSHIP

By: CRC-I Corp.

Its: General Partner

By: ______________________________

Name:

Title:

CRC-II LIMITED PARTNERSHIP

By: CRC-II Corp.
Its: General Partner

By: ______________________________

Name:
Title:

NEW CRC-I HOLDINGS LIMITED PARTNERSHIP

By: New CRC-I Holdings Corp.
Its: General Partner

By: ______________________________

Name:
Title:

NEW CRC-II HOLDINGS LIMITED PARTNERSHIP

By: New CRC-II Holdings Corp.
Its: General Partner

By: ______________________________

Name:
Title:

NEW CRC-I HOLDINGS CORP.

By: ______________________________

Name:
Title:

NEW CRC-II HOLDINGS CORP.

By: ______________________________

Name:
Title:

CRC-I CORP.

By: ______________________________
Name:
Title:

CRC-II CORP.

By: ______________________________
Name:
Title:

FM 1993A CORP

By: ______________________________
Name:
Title:

FM 1997 LIMITED PARTNERSHIP
By: FM 1997 Corp.
Its: General Partner

By: ______________________________
Name:
Title:

____
R. Gordon Mathews

____
Howard E. Phillips

Exhibit 23.1

Independent Auditors' Consent

The Board of Directors
Jack in the Box Inc.:

We consent to incorporation by reference in the registration statement Nos. 33-67450, 33-54602, 33-51490, 333-85669, 333-26781 and 333-88365 on Form S-8 of Jack in the Box Inc. of our report dated November 4, 2002, relating to the consolidated balance sheets of Jack in the Box Inc. and subsidiaries as of September 29, 2002 and September 30, 2001, and the related consolidated statements of earnings, cash flows and stockholders' equity for the fifty-two weeks ended September 29, 2002, September 30, 2001, and October 1, 2000, which report appears in the September 29, 2002 annual report on Form 10-K of Jack in the Box Inc. and subsidiaries, and to the reference to our firm under the heading "Selected Financial Data" in Item 6 of the referenced Form 10-K.

KPMG LLP

San Diego, California
December 12, 2002

Exhibit 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Robert J. Nugnet, Chief Executive Officer of JACK IN THE BOX INC. (the “Registrant”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) the Annual Report on Form 10-K of the Registrant, to which this certification is attached as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 12, 2002

ROBERT J. NUGENT

Robert J. Nugent
Chief Executive Officer

Exhibit 99.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John F. Hoffner, Chief Financial Officer of JACK IN THE BOX INC. (the “Registrant”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) the Annual Report on Form 10-K of the Registrant, to which this certification is attached as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 12, 2002

JOHN F. HOFFNER

John F. Hoffner
Chief Financial Officer