

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 19, 2020

or

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

for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 1-9390



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

Delaware  
(State of Incorporation)

95-2698708  
(I.R.S. Employer Identification No.)

9330 Balboa Avenue  
San Diego, California 92123  
(Address of principal executive offices)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	JACK	NASDAQ Global Select Market

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 whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company
Accelerated filer		Emerging growth company
Non-accelerated filer		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of the close of business February 14, 2020, 22,630,771 shares of the registrant's common stock were outstanding.

JACK IN THE BOX INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JACK IN THE BOX INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)  
(Unaudited)

	January 19, 2020	September 29, 2019
<b>ASSETS</b>		
Current assets:		
Cash	\$ 19,914	\$ 125,536
Restricted cash	18,372	26,025
Accounts and other receivables, net	53,576	45,235
Inventories	2,029	1,776
Prepaid expenses	13,665	9,015
Current assets held for sale	7,760	16,823
Other current assets	3,037	2,718
Total current assets	<u>118,353</u>	<u>227,128</u>
Property and equipment:		
Property and equipment, at cost	1,155,356	1,176,241
Less accumulated depreciation and amortization	(793,851)	(784,307)
Property and equipment, net	<u>361,505</u>	<u>391,934</u>
Other assets:		
Operating lease right-of-use assets	884,213	—
Intangible assets, net	37	425
Goodwill	46,747	46,747
Deferred tax assets	66,675	85,564
Other assets, net	212,783	206,685
Total other assets	<u>1,210,455</u>	<u>339,421</u>
	<u>\$ 1,690,313</u>	<u>\$ 958,483</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 13,786	\$ 774
Current operating lease liabilities	158,779	—
Accounts payable	23,467	37,066
Accrued liabilities	118,289	120,083
Total current liabilities	<u>314,321</u>	<u>157,923</u>
Long-term liabilities:		
Long-term debt, net of current maturities	1,262,737	1,274,374
Long-term operating lease liabilities, net of current portion	767,819	—
Other long-term liabilities	186,589	263,770
Total long-term liabilities	<u>2,217,145</u>	<u>1,538,144</u>
Stockholders' deficit:		
Preferred stock \$0.01 par value, 15,000,000 shares authorized, none issued	—	—
Common stock \$0.01 par value, 175,000,000 shares authorized, 82,255,912 and 82,159,002 issued, respectively	823	822
Capital in excess of par value	483,739	480,322
Retained earnings	1,572,586	1,577,034
Accumulated other comprehensive loss	(88,995)	(140,006)
Treasury stock, at cost, 59,646,773 and 57,760,573 shares, respectively	(2,809,306)	(2,655,756)
Total stockholders' deficit	<u>(841,153)</u>	<u>(737,584)</u>
	<u>\$ 1,690,313</u>	<u>\$ 958,483</u>

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(In thousands, except per share data)  
(Unaudited)

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
<b>Revenues:</b>		
Company restaurant sales	\$ 105,364	\$ 102,832
Franchise rental revenues	96,084	83,890
Franchise royalties and other	52,466	52,250
Franchise contributions for advertising and other services	53,759	51,814
	<u>307,673</u>	<u>290,786</u>
<b>Operating costs and expenses, net:</b>		
Company restaurant costs (excluding depreciation and amortization):		
Food and packaging	31,348	29,616
Payroll and employee benefits	31,890	30,274
Occupancy and other	15,958	16,013
Total company restaurant costs	79,196	75,903
Franchise occupancy expenses (excluding depreciation and amortization)	64,517	50,713
Franchise support and other costs	4,676	2,845
Franchise advertising and other services expenses	55,224	54,270
Selling, general and administrative expenses	28,248	24,083
Depreciation and amortization	16,728	17,169
Impairment and other charges, net	(9,291)	7,698
Gains on the sale of company-operated restaurants	(1,575)	(219)
	<u>237,723</u>	<u>232,462</u>
Earnings from operations	69,950	58,324
Other pension and post-retirement expenses, net	38,978	456
Interest expense, net	19,942	17,374
Earnings from continuing operations and before income taxes	11,030	40,494
Income tax expense	3,133	9,373
Earnings from continuing operations	7,897	31,121
Earnings from discontinued operations, net of income taxes	—	2,977
Net earnings	<u>\$ 7,897</u>	<u>\$ 34,098</u>
<b>Net earnings per share - basic:</b>		
Earnings from continuing operations	\$ 0.33	\$ 1.20
Earnings from discontinued operations	—	0.11
Net earnings per share (1)	<u>\$ 0.33</u>	<u>\$ 1.32</u>
<b>Net earnings per share - diluted:</b>		
Earnings from continuing operations	\$ 0.33	\$ 1.19
Earnings from discontinued operations	—	0.11
Net earnings per share (1)	<u>\$ 0.33</u>	<u>\$ 1.31</u>
Cash dividends declared per common share	\$ 0.40	\$ 0.40

(1) Earnings per share may not add due to rounding.

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In thousands)  
(Unaudited)

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Net earnings	\$ 7,897	\$ 34,098
Cash flow hedges:		
Net change in fair value of derivatives	—	(7,167)
Net loss reclassified to earnings	—	479
	—	(6,688)
Tax effect	—	1,723
	—	(4,965)
Unrecognized periodic benefit costs:		
Actuarial gains arising during the period	28,583	—
Actuarial losses and prior service costs reclassified to earnings	40,310	1,205
	68,893	1,205
Tax effect	(17,882)	(311)
	51,011	894
Other comprehensive income (loss), net of taxes	51,011	(4,071)
Comprehensive income	<u>\$ 58,908</u>	<u>\$ 30,027</u>

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Cash flows from operating activities:		
Net earnings	\$ 7,897	\$ 34,098
Earnings from discontinued operations	—	2,977
Earnings from continuing operations	7,897	31,121
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	16,728	17,169
Amortization of franchise tenant improvement allowances and other	1,151	530
Deferred finance cost amortization	1,755	704
Tax deficiency (excess tax benefit) from share-based compensation arrangements	196	(50)
Deferred income taxes	2,010	(783)
Share-based compensation expense	3,184	1,909
Pension and postretirement expense	38,978	456
(Gains) losses on cash surrender value of company-owned life insurance	(3,374)	2,863
Gains on the sale of company-operated restaurants	(1,575)	(219)
(Gains) losses on the disposition of property and equipment, net	(10,437)	635
Non-cash operating lease costs	(7,668)	—
Impairment charges and other	—	387
Changes in assets and liabilities, excluding dispositions:		
Accounts and other receivables	(5,619)	(3,154)
Inventories	(253)	(232)
Prepaid expenses and other current assets	(4,957)	6,224
Accounts payable	(7,984)	6,365
Accrued liabilities	(1,558)	(16,298)
Pension and postretirement contributions	(2,025)	(2,111)
Franchise tenant improvement allowance distributions	(3,682)	(3,247)
Other	(80)	(4,668)
Cash flows provided by operating activities	22,687	37,601
Cash flows from investing activities:		
Purchases of property and equipment	(7,202)	(11,183)
Proceeds from the sale of property and equipment	20,618	270
Proceeds from the sale and leaseback of assets	17,373	—
Proceeds from the sale of company-operated restaurants	1,575	133
Collections on notes receivable	—	6,517
Cash flows provided by (used in) investing activities	32,364	(4,263)
Cash flows from financing activities:		
Borrowings on revolving credit facilities	—	114,298
Repayments of borrowings on revolving credit facilities	—	(117,300)
Principal repayments on debt	(198)	(10,907)
Debt issuance costs	(216)	(17)
Dividends paid on common stock	(9,412)	(10,305)
Proceeds from issuance of common stock	184	114
Repurchases of common stock	(155,576)	(14,362)
Change in book overdraft	—	9,234
Payroll tax payments for equity award issuances	(3,108)	(2,498)
Cash flows used in financing activities	(168,326)	(31,743)
Net (decrease) increase in cash and restricted cash	(113,275)	1,595
Cash and restricted cash at beginning of period	151,561	2,705
Cash and restricted cash at end of period	\$ 38,286	\$ 4,300

See accompanying notes to condensed consolidated financial statements.



JACK IN THE BOX INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**1. BASIS OF PRESENTATION**

**Nature of operations** — Founded in 1951, Jack in the Box Inc. (the “Company”) operates and franchises Jack in the Bo<sup>®</sup> quick-service restaurants. The following table summarizes the number of restaurants as of the end of each period:

	January 19, 2020	January 20, 2019
Company-operated	137	137
Franchise	2,107	2,104
Total system	2,244	2,241

References to the Company throughout these notes to condensed consolidated financial statements are made using the first person notations of “we,” “us” and “our.”

**Basis of presentation** — The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”).

These financial statements should be read in conjunction with the consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019 (“2019 Form 10-K”). The accounting policies used in preparing these condensed consolidated financial statements are the same as those described in our 2019 Form 10-K with the exception of the new lease accounting standard adopted in fiscal 2020, which is described below.

In our opinion, all adjustments considered necessary for a fair presentation of financial condition and results of operations for these interim periods have been included. Operating results for one interim period are not necessarily indicative of the results for any other interim period or for the full year.

**Segment reporting** — The Company is comprised of one operating segment.

**Fiscal year** — Our fiscal year is 52 or 53 weeks ending the Sunday closest to September 30. Fiscal years 2020 and 2019 include 52 weeks. Our first quarter includes 16-weeks and all other quarters include 12-weeks. All comparisons between 2020 and 2019 refer to the 16-weeks (“quarter”) ended January 19, 2020 and January 20, 2019, respectively, unless otherwise indicated.

**Use of estimates** — In preparing the condensed consolidated financial statements in conformity with U.S. GAAP, 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 and consider information provided by actuaries and other experts in a particular area. Actual amounts could differ materially from these estimates.

**Advertising costs** — We administer a marketing fund which includes contractual contributions. In 2020 and 2019, marketing fund contributions from franchise and company-operated restaurants were approximately 5.0% of gross revenues. In 2019, incremental contributions made by the Company were \$2.0 million. There have been no incremental contributions made in 2020.

Total contributions made by the Company, including incremental contributions, are included in “Selling, general, and administrative expenses” in the accompanying condensed consolidated statements of earnings and totaled \$5.3 million and \$7.2 million in 2020 and 2019, respectively.

**Effect of new accounting pronouncements adopted in fiscal 2020** — We adopted ASU 2016-02, *Leases* (Topic 842) (“ASC 842”) in the first quarter of 2020. The new guidance requires the recognition of lease liabilities, representing future minimum lease payments on a discounted basis, and corresponding right-of-use (“ROU”) assets on the balance sheet for most leases. The Company adopted the new guidance in the first quarter of 2020 using the alternative transition method; therefore, the comparative period has not been restated and continues to reported under the previous lease guidance.

We elected the transition package of three practical expedients, which, among other items, permitted us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We also elected the short-term lease recognition exemption for all leases that qualify, permitting us to not apply the recognition requirements of this standard to leases with a term of 12 months or less, and an accounting policy to not separate lease and non-lease components for underlying assets subject to real estate leases. As lessor, we elected for all classes of underlying leased assets to account for lease and non-lease components, primarily property taxes and maintenance, as a single lease component. We did not elect the use-of-hindsight practical expedient, and therefore continued to utilize lease terms determined under the existing lease guidance.

JACK IN THE BOX INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The adoption had a material impact on our consolidated balance sheet. As a result of the adoption, we recognized operating lease assets and liabilities of \$881 million and \$931 million, respectively, at the date of adoption. The ROU assets were adjusted for certain lease-related assets and liabilities at adoption, primarily comprised of straight-line rent accruals of \$29.0 million, incentives and unfavorable lease liabilities of \$2.1 million, sublease loss and exit-related lease liabilities of \$19.4 million, which were previously reported in “Accrued liabilities” and “Other long-term liabilities”, as well as favorable lease assets of \$0.4 million, which were previously reported in “Intangible assets, net” in our condensed consolidated balance sheet. We also recorded a cumulative adjustment to opening retained earnings of \$2.9 million, net of tax, as a result of the impairment of certain newly recognized ROU assets and derecognition of deferred gains and losses on sale-leaseback transactions upon transition to the new guidance.

The effects of the changes made to the Company's condensed consolidated balance sheet as of September 29, 2019 for the adoption of the new lease guidance were as follows (*in thousands*):

	Balance at September 29, 2019	Adjustments due to ASC 842 adoption	Balance at September 30, 2019
<b>Assets</b>			
Other assets:			
Operating lease ROU assets	\$ —	\$ 880,564	\$ 880,564
Intangible assets, net	\$ 425	\$ (386)	\$ 39
Deferred income taxes	\$ 85,564	\$ 1,006	\$ 86,570
<b>Liabilities and Stockholders' Deficit</b>			
Current liabilities:			
Current operating lease liabilities	\$ —	\$ 159,821	\$ 159,821
Accrued liabilities	\$ 120,083	\$ (4,702)	\$ 115,381
Long-term liabilities:			
Long-term operating lease liabilities, net of current portion	\$ —	\$ 770,818	\$ 770,818
Other long-term liabilities	\$ 263,770	\$ (41,883)	\$ 221,887
<b>Stockholders' deficit:</b>			
Retained earnings	\$ 1,577,034	\$ (2,870)	\$ 1,574,164

The accounting guidance for lessors remains largely unchanged from previous guidance, except for the presentation of certain lease costs that the Company passes through to lessees, including but not limited to, property taxes and maintenance. These costs are generally paid by the Company and reimbursed by the lessee. Historically, these costs have been recorded on a net basis in our condensed consolidated statements of earnings but are now presented gross upon adoption of the new guidance. As a result, we expect annual revenues and expenses reported in “Franchise rental revenues” and “Franchise occupancy expenses” to increase by approximately \$37 million in fiscal 2020. Refer to Note 4, *Leases*, for further information on our leases and the impact on the Company's accounting policies.

**Effect of new accounting pronouncements to be adopted in future periods**— In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs in cloud computing arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Companies can choose to adopt the new guidance prospectively or retrospectively. We are currently in the process of evaluating the effects of this pronouncement on our consolidated financial statements and do not expect there to be a material impact upon adoption.

## 2. REVENUE

**Nature of products and services**— We derive revenue from retail sales at Jack in the Box company-operated restaurants and rental revenue, royalties, advertising, and franchise and other fees from franchise-operated restaurants.

Our franchise arrangements generally provide for an initial franchise fee of \$50,000 per restaurant and generally require that franchisees pay royalty and marketing fees at 5% of gross sales. The agreement also requires franchisees to pay sourcing, technology and other miscellaneous fees.

JACK IN THE BOX INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**Disaggregation of revenue** — The following table disaggregates revenue by primary source (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Sources of revenue:		
Company restaurant sales	\$ 105,364	\$ 102,832
Franchise rental revenues	96,084	83,890
Franchise royalties	50,243	49,507
Marketing fees	48,835	47,863
Technology and sourcing fees	4,924	3,951
Franchise fees and other services	2,223	2,743
Total revenue	<u>\$ 307,673</u>	<u>\$ 290,786</u>

**Contract liabilities** — Our contract liabilities consist of deferred revenue resulting from initial fees received from franchisees for new restaurant openings or new franchise terms, which are generally recognized over the franchise term. We classify these contract liabilities as “Accrued liabilities” and “Other long-term liabilities” in our condensed consolidated balance sheets.

A summary of significant changes in our contract liabilities is presented below (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Deferred franchise fees at beginning of period	\$ 46,273	\$ 50,018
Revenue recognized during the period	(1,632)	(1,592)
Additions during the period	895	500
Deferred franchise fees at end of period	<u>\$ 45,536</u>	<u>\$ 48,926</u>

The following table reflects the estimated franchise fees to be recognized in the future related to performance obligations that are unsatisfied as of January 19, 2020 (*in thousands*):

Remainder of 2020	\$ 3,411
2021	4,926
2022	4,726
2023	4,572
2024	4,379
Thereafter	23,522
	<u>\$ 45,536</u>

We have applied the optional exemption, as provided for under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which allows us to not disclose the transaction price allocated to unsatisfied performance obligations when the transaction price is a sales-based royalty.

### 3. SUMMARY OF REFRANCHISINGS AND FRANCHISEE DEVELOPMENT

**Refranchisings and franchisee development** — Franchisees opened 11 new restaurants in 2020, compared to 9 in the prior year, and closed 10 restaurants in fiscal 2020, compared to 5 in 2019. In both comparative periods no company-operated restaurants were sold to franchisees. In 2020 and 2019, amounts presented in “Gains on the sale of company-operated restaurants” of \$1.6 million and \$0.2 million, respectively, pertain to meeting certain contingent consideration provisions included in the sale of restaurants in previous years.

JACK IN THE BOX INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**4. LEASES**

**Nature of leases** — We own restaurant sites and we also lease restaurant sites from third parties. Some of these owned or leased sites are leased and/or subleased to franchisees. Initial terms of our real estate leases are generally 20 years, exclusive of options to renew, which are generally exercisable at our sole discretion for 1 to 20 years. In some instances, our leases have provisions for contingent rentals based upon a percentage of defined revenues. Many of our restaurants also have rent escalation clauses and require the payment of property taxes, insurance, and maintenance costs. Variable lease costs include contingent rent, cost-of-living index adjustments, and payments for additional rent such as real estate taxes, insurance and common area maintenance, which are excluded from the measurement of the lease liability. We also lease certain restaurant and office equipment with initial terms generally ranging from 3 to 8 years. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As lessor, our leases and subleases primarily consist of restaurants that have been leased to franchisees subsequent to refranchising transactions. The lease descriptions, terms, variable lease payments and renewal options are generally the same as the lessee leases described above. Revenues from leasing arrangements with our franchisees are presented in “Franchise rental revenues” in the accompanying condensed consolidated statements of earnings, and the related expenses are presented in “Franchise occupancy expenses.”

**Significant assumptions and judgements** — We evaluate the contracts entered into by the Company to determine whether such contracts contain leases. A contract contains a lease if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At commencement, contracts containing a lease are further evaluated for classification as an operating or finance lease where the Company is a lessee, or as an operating, sales-type or direct financing lease where the Company is a lessor, based on their terms.

The lease term and incremental borrowing rate for each lease requires judgement by management and can impact the classification of our leases as well as the value of our lease assets and liabilities. When determining the lease term, we consider option periods available, and include option periods in the measurement of the lease ROU asset and lease liability where the exercise is reasonably certain to occur. As our leases do not provide an implicit discount rate, we have determined it is appropriate to use our estimated collateralized incremental borrowing rate, based on the yield curve for the respective lease terms, in calculating our lease liabilities.

**Company as Lessee**

Leased assets and liabilities consisted of the following as of January 19, 2020 (*n thousands*):

	<b>January 19, 2020</b>
<b>Assets:</b>	
Operating lease ROU assets	\$ 884,213
Finance lease ROU assets (1)	2,742
Total ROU assets	\$ 886,955
<b>Liabilities:</b>	
Current operating lease liabilities	\$ 158,779
Current finance lease liabilities (2)	786
Long term operating lease liabilities	767,819
Long-term finance lease liabilities (2)	2,609
Total lease liabilities	\$ 929,993

(1) Included in “Property and equipment, net” on our condensed consolidated balance sheet.

(2) Included in “Current maturities of long-term debt” and “Long-term debt, net of current maturities” on our condensed consolidated balance sheet.

JACK IN THE BOX INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table presents our lease cost components and other supplemental information related to our leases (*dollars in thousands*):

	<b>Sixteen Weeks Ended January 19, 2020</b>
<b>Lease costs:</b>	
Finance lease cost:	
Amortization of ROU assets (1)	\$ 234
Interest on lease liabilities (2)	33
Operating lease cost (3)	58,512
Short-term lease cost (3)	1
Variable lease cost (3)(4)	12,507
	<u>\$ 71,287</u>
<b>Weighted-average remaining lease term (in years):</b>	
Finance leases	3.9
Operating leases	8.0
<b>Weighted-average discount rate:</b>	
Finance leases	3.4 %
Operating leases	3.9 %

(1) Included in "Depreciation and amortization" in our condensed consolidated statement of earnings.

(2) Included in "Interest expense, net" in our condensed consolidated statement of earnings.

(3) Operating lease, short-term and variable lease costs associated with franchisees and company-operated restaurants are included in "Franchise occupancy expenses" and "Occupancy and other", respectively in our condensed consolidated statement of earnings. For our closed restaurants, these costs are included in "Impairment and other, net" and all other costs are included in "Selling, general and administrative expenses".

(4) Includes \$11.6 million of property taxes and common area maintenance costs which are reimbursed by sub-lessees.

The following table presents as of January 19, 2020, future minimum lease payments for non-cancellable leases (*n thousands*):

	<b>Finance Leases</b>	<b>Operating Leases</b>
<b>Fiscal year:</b>		
Remainder of 2020	\$ 647	\$ 130,553
2021	879	193,874
2022	879	153,011
2023	866	124,843
2024	390	94,034
Thereafter	40	386,822
Total minimum lease payments	<u>\$ 3,701</u>	<u>\$ 1,083,137</u>
Less: imputed interest	(306)	(156,539)
Present value of lease liability	<u>\$ 3,395</u>	<u>\$ 926,598</u>

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The following table presents as of September 29, 2019, future minimum lease payments for non-cancellable leases (*in thousands*):

	Capital Leases	Operating Leases
<b>Fiscal year:</b>		
2020	\$ 879	\$ 193,313
2021	879	186,226
2022	879	145,794
2023	864	117,753
2024	396	87,420
Thereafter	40	363,505
Total minimum lease payments	\$ 3,937	\$ 1,094,011
Less: imputed interest	(343)	
Present value of lease liability	\$ 3,594	

The following table includes supplemental cash flow and non-cash information related to our lessee leases (*in thousands*):

	Sixteen Weeks Ended January 19, 2020
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>	
Operating cash flows from operating leases	\$ 65,996
Operating cash flows from financing leases	\$ 33
Financing cash flows from financing leases	\$ 198
<b>Right-of-use assets obtained in exchange for lease obligations:</b>	
Operating leases	\$ 51,311
Financing leases	\$ —

**Sale leaseback transactions** — In 2020, we completed a sale leaseback transaction of a multi-tenant commercial property in Los Angeles, California and leased back the parcel on which a company-operated restaurant is located. The Company received net proceeds of \$17.4 million and recognized a \$0.2 million loss on the sale. The initial term on the lease is 20 years and has been accounted for as an operating lease.

In 2020, we completed the sale of one of our corporate office buildings as we move forward with our previously announced consolidation of our headquarters. We entered into a lease with the buyer to leaseback the property for up to 18 months with an option to terminate earlier without penalty, upon providing a 90-day notice. The net proceeds received on the sale was \$20.6 million and the lease has been accounted for as an operating lease. A gain on the sale of \$10.8 million was recognized during the quarter, and is presented within “Impairment and other charges, net” in our condensed consolidated statement of earnings.

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**Company as Lessor**

The following table presents rental income (*in thousands*):

	Sixteen Weeks Ended		
	January 19, 2020		
	Owned Properties	Leased Properties	Total
Operating lease income - franchise	\$ 6,095	\$ 66,568	\$ 72,663
Variable lease income - franchise	2,716	20,704	23,420
Franchise rental revenues	<u>\$ 8,811</u>	<u>\$ 87,272</u>	<u>\$ 96,083</u>
Operating lease income - closed restaurants and other (1)	<u>\$ —</u>	<u>\$ 2,057</u>	<u>\$ 2,057</u>

(1) Primarily relates to closed restaurant properties included in “Impairment and other, net” in our condensed consolidated statement of earnings.

The following table presents as of January 19, 2020, future minimum rental receipts for non-cancellable leases and subleases (*n thousands*):

	January 19, 2020
<b>Fiscal year:</b>	
Remainder of 2020	\$ 159,654
2021	256,052
2022	232,129
2023	225,488
2024	200,425
Thereafter	1,237,167
Total minimum rental receipts	<u>\$ 2,310,915</u>

The following table presents as of September 29, 2019, future minimum rental receipts for non-cancellable leases and subleases (*n thousands*):

	September 29, 2019
<b>Fiscal year:</b>	
2020	\$ 239,219
2021	255,315
2022	231,394
2023	224,605
2024	199,442
Thereafter	1,215,811
Total minimum rental receipts	<u>\$ 2,365,786</u>

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**5. FAIR VALUE MEASUREMENTS**

*Financial assets and liabilities* — The following table presents our financial assets and liabilities measured at fair value on a recurring basis (*n thousands*):

	Total	Quoted Prices in Active Markets for Identical Assets (2) (Level 1)	Significant Other Observable Inputs (2) (Level 2)	Significant Unobservable Inputs (2) (Level 3)
<b>Fair value measurements as of January 19, 2020:</b>				
Non-qualified deferred compensation plan (1)	\$ 29,857	\$ 29,857	\$ —	\$ —
Total liabilities at fair value	<u>\$ 29,857</u>	<u>\$ 29,857</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Fair value measurements as of September 29, 2019:</b>				
Non-qualified deferred compensation plan (1)	\$ 30,104	\$ 30,104	\$ —	\$ —
Total liabilities at fair value	<u>\$ 30,104</u>	<u>\$ 30,104</u>	<u>\$ —</u>	<u>\$ —</u>

(1) We maintain an unfunded defined contribution plan for key executives and other members of management. The fair value of this obligation is based on the closing market prices of the participants' elected investments. The obligation is included in "Accrued liabilities" and "Other long-term liabilities" on our condensed consolidated balance sheets.

(2) We did not have any transfers in or out of Level 1, 2 or 3.

At January 19, 2020, the carrying value of our Class A-2 Notes was \$1,300.0 million and fair value was \$1,332.0 million. The fair value of the Class A-2 Notes was estimated using Level 2 inputs based on quoted market prices in markets that are not considered active markets. The estimated fair values of our finance lease obligations approximated their carrying values as of January 19, 2020.

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**Non-financial assets and liabilities** — Our non-financial instruments, which primarily consist of property and equipment, operating lease right-of-use assets, goodwill and intangible assets, are reported at carrying value and are not required to be measured at fair value on a recurring basis. However, on an annual basis, or whenever events or changes in circumstances indicate that their carrying value may not be recoverable, non-financial instruments are assessed for impairment. If applicable, the carrying values are written down to fair value.

In connection with our impairment reviews performed during 2020, no material fair value adjustments were required. Refer to Note 7 *Impairment and Other Charges, Net*, for additional information regarding impairment charges.

## 6. DERIVATIVE INSTRUMENTS

**Interest rate swaps** — We have used interest rate swaps to mitigate interest rate volatility with regard to variable rate borrowings under our senior credit facility. In June 2015, we entered into forward-starting interest rate swap agreements that effectively converted \$500.0 million of our variable rate borrowings to a fixed rate from October 2018 through October 2022. These agreements were designated as cash flow hedges under the terms of the FASB authoritative guidance for derivatives and hedging. Since they were effective in offsetting the variability of the hedged cash flows, changes in the fair values of the derivatives were not included in earnings, but were included in other comprehensive income (“OCI”). These changes in fair value were subsequently reclassified into net earnings as a component of interest expense as the hedged interest payments were made on our variable rate debt.

Effective July 2, 2019, the Company terminated all interest rate swap agreements in anticipation of the securitization transaction and related retirement of our senior credit facility in the fourth quarter of 2019. During fiscal 2019, our interest rate swaps had no hedge ineffectiveness.

**Financial performance** — The following table summarizes the OCI activity related to our interest rate swap derivative instruments and the amounts reclassified from accumulated OCI (*in thousands*):

	Location in Income	Sixteen Weeks Ended
		January 20, 2019
Loss recognized in OCI	N/A	\$ (7,167)
Loss reclassified from accumulated OCI into net earnings	Interest expense, net	\$ 479

## 7. IMPAIRMENT AND OTHER CHARGES, NET

Impairment and other charges, net in the accompanying condensed consolidated statements of earnings is comprised of the following (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Restructuring costs	\$ 1,045	\$ 5,840
Costs of closed restaurants and other	101	866
Accelerated depreciation	—	416
(Gains) losses on disposition of property and equipment, net (1)	(10,437)	576
	\$ (9,291)	\$ 7,698

(1) In 2020, includes a \$10.8 million gain related to the sale of one of our corporate office buildings. Refer to Note 4, *Leases*, for further information.

**Restructuring costs** — Restructuring charges include costs resulting from the exploration of strategic alternatives (the “Strategic Alternatives Evaluation”) in 2019, which was concluded in the third quarter of 2019, and a plan that management initiated to reduce our general and administrative costs.

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The following is a summary of our restructuring costs *(in thousands)*:

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Employee severance and related costs	\$ 1,045	\$ 4,506
Strategic Alternatives Evaluation (1)	—	1,334
	<u>\$ 1,045</u>	<u>\$ 5,840</u>

(1) Strategic Alternative Evaluation costs primarily relate to third party advisory services.

We do not expect any significant severance and related costs for the remainder of fiscal 2020 related to these initiatives.

Total accrued severance costs related to our restructuring activities are included in “Accrued liabilities” on our condensed consolidated balance sheets, and changed as follows during 2020 *(in thousands)*:

Balance as of September 29, 2019	\$ 2,100
Costs incurred	1,019
Cash payments	(2,134)
Balance as of January 19, 2020	<u>\$ 985</u>

## 8. INCOME TAXES

The income tax provisions reflect tax rates of 28.4% in 2020 and 23.1% in 2019. The major components of the year-over-year change in tax rates were a decrease in operating earnings before income tax, an adjustment related to state taxes recorded in the first quarter of 2019, an increase in the tax deficiency on stock compensation, partially offset by an increase in gains from the market performance of insurance products used to fund certain non-qualified retirement plans which are excluded from taxable income. The final annual tax rate cannot be determined until the end of the fiscal year; therefore, the actual 2020 rate could differ from our current estimates.

The following is a summary of the components of each tax rate *(dollars in thousands)*:

	Sixteen Weeks Ended			
	January 19, 2020		January 20, 2019	
Income tax expense at statutory rate	\$ 2,868	26.0 %	\$ 10,434	25.8 %
Stock compensation tax deficiency (excess tax benefit)	196	1.8 %	(50)	(0.1)%
Company-owned life insurance policies	(99)	(0.9)%	231	0.6 %
Adjustment to state tax provision	—	— %	(1,027)	(2.6)%
Other	168	1.5 %	(215)	(0.5)%
(1)	<u>\$ 3,133</u>	<u>28.4 %</u>	<u>\$ 9,373</u>	<u>23.1 %</u>

(1) Percentages may not add due to rounding.

## 9. RETIREMENT PLANS

**Defined benefit pension plans** — We sponsor two defined benefit pension plans, a frozen “Qualified Plan” covering substantially all full-time employees hired prior to January 1, 2011, and an unfunded supplemental executive retirement plan (“SERP”) which provides certain employees additional pension benefits and was closed to new participants effective January 1, 2007. Benefits under both plans are based on the employee’s years of service and compensation over defined periods of employment.

In the fourth quarter of 2019, the Company amended its Qualified Plan to add a limited lump sum payment window whereby certain terminated participants with a vested pension benefit could elect to receive either an immediate lump sum or a monthly annuity payment of their accrued benefit. The offering period began September 16, 2019 and ended October 31, 2019. The participants that elected a lump sum benefit under the program were paid in December 2019, which triggered settlement accounting. As a result of the offering, the Company’s Qualified Plan paid \$ 122.3 million from its plan assets to those who accepted the offer, thereby reducing the plan’s pension benefit obligation (“PBO”). The transaction had no cash impact to the Company but did result in a non-cash settlement charge of \$38.6 million in the first quarter of fiscal 2020.

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**Postretirement healthcare plans** — We also sponsor two healthcare plans, closed to new participants, that provide postretirement medical benefits to certain employees who have met minimum age and service requirements. The plans are contributory, with retiree contributions adjusted annually, and they contain other cost-sharing features such as deductibles and coinsurance.

**Net periodic benefit cost** — The components of net periodic benefit cost in each period were as follows (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
<b>Defined benefit pension plans:</b>		
Interest cost	\$ 5,076	\$ 7,048
Expected return on plan assets (1)	(6,656)	(8,104)
Pension settlement (2)	38,606	—
Actuarial loss (2)	1,672	1,219
Amortization of unrecognized prior service costs (2)	26	35
Net periodic benefit cost	<u>\$ 38,724</u>	<u>\$ 198</u>
<b>Postretirement healthcare plans:</b>		
Interest cost	\$ 248	\$ 307
Actuarial loss (gain) (2)	6	(49)
Net periodic benefit cost	<u>\$ 254</u>	<u>\$ 258</u>

(1) Based on a return on asset, net of administrative expenses, assumption of 5.8% determined at the end of fiscal 2019, subsequently updated to 5.9% as of December 31, 2019 upon remeasurement of the Qualified Plan's assets and PBO as required by settlement accounting.

(2) Amounts were reclassified from accumulated OCI into net earnings as a component of "Other pension and post-retirement expenses, net."

**Future cash flows** — Our policy is to fund our plans at or above the minimum required by law. As of January 1, 2019, the date of our last actuarial funding valuation, there was no minimum contribution funding requirement. Details regarding 2020 contributions are as follows (*in thousands*):

	SERP	Postretirement Healthcare Plans
Net year-to-date contributions	\$ 1,639	\$ 386
Remaining estimated net contributions during fiscal 2020	\$ 3,732	\$ 1,011

We continue to evaluate contributions to our Qualified Plan based on changes in pension assets as a result of asset performance in the current market and the economic environment. We do not anticipate making any contributions to our Qualified Plan in fiscal 2020.

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**10. STOCKHOLDERS' DEFICIT**

*Summary of changes in stockholders' deficit*— A reconciliation of the beginning and ending amounts of stockholders' deficit is presented below (*n thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Balance at beginning of period	\$ (737,584)	\$ (591,699)
Shares issued under stock plans, including tax benefit	184	115
Share-based compensation	3,184	1,909
Dividends declared	(9,425)	(10,318)
Purchases of treasury stock	(153,550)	—
Net earnings	7,897	34,098
Other comprehensive income (loss), net of taxes	51,011	(4,071)
Cumulative-effect from a change in accounting principle	(2,870)	(37,330)
Balance at end of period	<u>\$ (841,153)</u>	<u>\$ (607,296)</u>

**Repurchases of common stock** — The Company repurchased 1.9 million shares of its common stock in the first quarter of fiscal 2020 at an average price of \$81.41 per share for an aggregate cost of \$153.5 million. As of January 19, 2020, this leaves approximately \$122.2 million remaining under share repurchase programs authorized by the Board of Directors, consisting of \$22.2 million that expires in November 2020 and \$100.0 million that expires in November 2021.

Repurchases of common stock included in our condensed consolidated statement of cash flows for fiscal 2020 include \$2.0 million related to repurchase transactions traded in the prior year but settled in 2020.

**Dividends** — During 2020, the Board of Directors declared a cash dividend of \$0.40 per common share totaling \$9.4 million. Future dividends are subject to approval by our Board of Directors.

**11. AVERAGE SHARES OUTSTANDING**

The following table reconciles basic weighted-average shares outstanding to diluted weighted-average shares outstanding (*n thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Weighted-average shares outstanding – basic	23,741	25,907
Effect of potentially dilutive securities:		
Nonvested stock awards and units	181	208
Stock options	7	11
Performance share awards	7	2
Weighted-average shares outstanding – diluted	<u>23,936</u>	<u>26,128</u>
Excluded from diluted weighted-average shares outstanding:		
Antidilutive	224	186
Performance conditions not satisfied at the end of the period	80	89

## 12. CONTINGENCIES AND LEGAL MATTERS

**Legal matters** — We assess contingencies, including litigation contingencies, to determine the degree of probability and range of possible loss for potential accrual in our financial statements. An estimated loss contingency is accrued in the financial statements if it is probable that liability is adverse to the Company and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable, assessing contingencies is highly subjective and requires judgments about future events. When evaluating litigation contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the availability of appellate remedies, insurance coverage related to the claim or claims in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matter. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to possible outcomes, and as such are not meaningful indicators of our potential liability or financial exposure. We regularly review contingencies to determine the adequacy of the accruals and related disclosures. The ultimate amount of loss may differ from these estimates.

**Gessele v. Jack in the Box Inc.** — In August 2010, five former employees instituted litigation in federal court in Oregon alleging claims under the federal Fair Labor Standards Act and Oregon wage and hour laws. The plaintiffs alleged that the Company failed to pay non-exempt employees for certain meal breaks and improperly made payroll deductions for shoe purchases and for workers' compensation expenses, and later added additional claims relating to timing of final pay and related wage and hour claims involving employees of a franchisee. In 2016, the court dismissed the federal claims and those relating to franchise employees. In June 2017, the court granted class certification with respect to state law claims of improper deductions and late payment of final wages. In February 2019, plaintiff's counsel reduced their earlier demand from \$62.0 million to \$42.0 million. In November 2019, the court issued a ruling on various dispositive motions, disallowing approximately \$25.0 million in claimed damages. We have accrued an amount that is not material to our consolidated financial statements relating to claims for which we believe a loss is both probable and estimable. While we believe that additional losses beyond this accrual are reasonably possible, we cannot estimate a possible loss contingency or range of reasonably possible loss contingencies beyond this accrual. The parties are participating in a voluntary mediation on March 16, 2020. If the case does not resolve at mediation, we will continue to vigorously defend against this lawsuit.

**Marquez v. Jack in the Box Inc.** — In August 2017, a former employee filed a class action lawsuit in California state court and as a Private Attorney General Act ("PAGA") representative suit alleging that the Company failed to provide all non-exempt California employees with compliant rest and meal breaks, overtime pay, accurate wage statements, and final pay upon termination of employment. On January 29, 2020, the parties participated in voluntary mediation and reached a tentative agreement to settle the case. The settlement agreement is subject to documentation and court approval. During the first quarter of 2020, commensurate with the anticipated settlement, we recorded an accrual for legal settlement of \$3.8 million.

**Ramirez v. Jack in the Box Inc.** — On June 11, 2019, an unfavorable jury verdict was delivered in a wrongful termination lawsuit against the Company in Los Angeles Superior Court. Plaintiff in the case was a restaurant employee who was terminated in 2013. The jury's verdict included \$5.4 million in compensatory damages and \$10.0 million in punitive damages. The Company filed post-trial motions with the trial judge for the purpose of setting aside or significantly reducing damages. These motions were granted, resulting in a reduction of damages from \$15.4 million to \$3.2 million. The plaintiff accepted the reduction. In October 2019, the plaintiff's counsel filed a motion for attorney's fees in the amount of \$5.1 million. On January 9, 2020, the court issued its ruling awarding \$3.9 million in attorney fees. As of January 19, 2020, we have recorded an accrual for legal settlement of \$7.3 million within "Accrued liabilities" and a litigation insurance recovery receivable of \$7.3 million, which represents the expected payment of the settlement by the Company's insurance carriers, within "Accounts and other receivable, net" in our condensed consolidated balance sheet.

**Other legal matters** — In addition to the matter described above, we are subject to normal and routine litigation brought by former or current employees, customers, franchisees, vendors, landlords, shareholders or others. We intend to defend ourselves in any such matters. Some of these matters may be covered, at least in part, by insurance or other third party indemnity obligation. We record receivables from third party insurers when recovery has been determined to be probable. We believe that the ultimate determination of liability in connection with legal claims pending against us, if any, in excess of amounts already provided for such matters in the consolidated financial statements, will not have a material adverse effect on our business, our annual results of operations, liquidity or financial position; however, it is possible that our business, results of operations, liquidity, or financial condition could be materially affected in a particular future reporting period by the unfavorable resolution of one or more matters or contingencies during such period.

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**13. DISCONTINUED OPERATIONS**

**Qdoba** — In December 2017, we entered into a stock purchase agreement (the “Qdoba Purchase Agreement”) with the Buyer to sell all issued and outstanding shares of Qdoba. The Buyer completed the acquisition of Qdoba on March 21, 2018 (the “Qdoba Sale”).

We also entered into a Transition Services Agreement with the Buyer pursuant to which the Buyer received certain services (the “Services”) to enable it to operate the Qdoba business after the closing of the Qdoba Sale. The Services included information technology, finance and accounting, human resources, supply chain and other corporate support services. Under the Agreement, the Services were provided at cost for a period of up to 12 months, with two 3-month extensions available for certain services. As of September 21, 2019, we are no longer providing transition services to Qdoba. In 2019, we recorded \$3.7 million in the quarter in income related to the Services as a reduction of “Selling, general and administrative expenses” in the condensed consolidated statements of earnings.

The following table presents Qdoba’s results of operations in periods which have been included in discontinued operations (*in thousands, except per share data*):

	Sixteen Weeks Ended	
	January 20, 2019	
Selling, general and administrative expenses	\$	(302)
Loss on Qdoba Sale		85
Earnings from discontinued operations before income taxes		217
Income tax benefit (1)		2,760
Earnings from discontinued operations, net of income taxes	\$	2,977
Basic and diluted earnings per share from discontinued operations:	\$	0.11

- (1) In fiscal 2019, the Company entered into a bilateral California election with Quidditch Acquisition, Inc. to retroactively treat the divestment of Qdoba Restaurant Corporation on March 21, 2018 as a sale of assets instead of a stock sale for income tax purposes. This election reduced the Company’s fiscal year 2018 California tax liability on the divestment by \$2.8 million.

**Lease guarantees** — While all operating leases held in the name of Qdoba were part of the Qdoba Sale, some of the leases remain guaranteed by the Company pursuant to one or more written guarantees (the “Guarantees”). In the event Qdoba fails to meet its payment and performance obligations under such guaranteed leases, we may be required to make rent and other payments to the landlord under the requirements of the Guarantees. Should we, as guarantor of the lease obligations, be required to make any lease payments due for the remaining term of the subject leases, the maximum amount we may be required to pay is approximately \$31.2 million as of January 19, 2020. The lease terms extend for a maximum of approximately 16 more years as of January 19, 2020, and we would remain a guarantor of the leases in the event the leases are extended for any established renewal periods. In the event that we are obligated to make payments under the Guarantees, we believe the exposure is limited due to contractual protections and recourse available in the lease agreements, as well as the Qdoba Purchase Agreement, including a requirement of the landlord to mitigate damages by re-letting the properties in default, and indemnity from the Buyer. Qdoba continues to meet its obligations under these leases and there have not been any events that would indicate that Qdoba will not continue to meet the obligations of the leases. As such, we have not recorded a liability for the Guarantees as the likelihood of Qdoba defaulting on the assigned agreements was deemed to be less than probable.

**14. SUPPLEMENTAL CONSOLIDATED CASH FLOW INFORMATION (*in thousands*)**

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
<b>Non-cash investing and financing transactions:</b>		
Decrease in obligations for treasury stock repurchases	\$ 2,025	\$ 14,362
Decrease in obligations for purchases of property and equipment	\$ 2,377	\$ 4,927
Increase in dividends accrued or converted to common stock equivalents	\$ 63	\$ 58
Decrease in finance lease obligations from the termination of equipment and building leases	\$ —	\$ 7

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15. SUPPLEMENTAL CONSOLIDATED BALANCE SHEET INFORMATION *(in thousands)*

	January 19, 2020	September 29, 2019
<b>Accounts and other receivables, net:</b>		
Trade	\$ 29,361	\$ 36,907
Notes receivable	375	278
Income tax receivable	1,279	160
Property taxes receivable	17,713	32
Other	9,970	10,823
Allowance for doubtful accounts	(5,122)	(2,965)
	<u>\$ 53,576</u>	<u>\$ 45,235</u>
<b>Prepaid expenses:</b>		
Prepaid income taxes	\$ 7,470	\$ 579
Prepaid advertising	32	1,838
Other	6,163	6,598
	<u>\$ 13,665</u>	<u>\$ 9,015</u>
<b>Other assets, net:</b>		
Company-owned life insurance policies	\$ 116,127	\$ 112,753
Deferred rent receivable	49,419	49,333
Franchise tenant improvement allowance	28,702	26,925
Other	18,535	17,674
	<u>\$ 212,783</u>	<u>\$ 206,685</u>
<b>Accrued liabilities:</b>		
Insurance	\$ 27,852	\$ 27,888
Payroll and related taxes	24,375	31,095
Deferred franchise fees	4,970	4,978
Sales and property taxes	8,731	4,268
Gift card liability	2,443	2,036
Other	49,918	49,818
	<u>\$ 118,289</u>	<u>\$ 120,083</u>
<b>Other long-term liabilities:</b>		
Defined benefit pension plans	\$ 88,455	\$ 120,260
Deferred franchise fees	40,566	41,295
Straight-line rent accrual	—	29,537
Other	57,568	72,678
	<u>\$ 186,589</u>	<u>\$ 263,770</u>

16. SUBSEQUENT EVENTS

**Dividends** — On February 18, 2020, the Board of Directors declared a cash dividend of \$0.40 per common share, to be paid on March 17, 2020 to shareholders of record as of the close of business on March 3, 2020.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### GENERAL

All comparisons between 2020 and 2019 refer to the 16-weeks ("quarter") ended January 19, 2020 and January 20, 2019, respectively, unless otherwise indicated.

For an understanding of the significant factors that influenced our performance during 2020 and 2019, our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended September 29, 2019.

Our MD&A consists of the following sections:

- **Overview** — a general description of our business and 2020 highlights.
- **Financial reporting** — a discussion of changes in presentation, if any.
- **Results of operations** — an analysis of our condensed consolidated statements of earnings for the periods presented in our condensed consolidated financial statements.
- **Liquidity and capital resources** — an analysis of our cash flows including pension and postretirement health contributions, capital expenditures, sale of company-operated restaurants, franchise tenant improvement allowance distributions, share repurchase activity, dividends, known trends that may impact liquidity and the impact of inflation, if applicable.
- **Discussion of critical accounting estimates** — a discussion of accounting policies that require critical judgments and estimates.
- **New accounting pronouncements** — a discussion of new accounting pronouncements, dates of implementation and the impact on our consolidated financial position or results of operations, if any.
- **Cautionary statements regarding forward-looking statements** — a discussion of the risks and uncertainties that may cause our actual results to differ materially from any forward-looking statements made by management.

We have included in our MD&A certain performance metrics that management uses to assess company performance and which we believe will be useful in analyzing and understanding our results of operations. These metrics include:

- Changes in sales at restaurants open more than one year ("same-store sales"), system restaurant sales, franchised restaurant sales, and average unit volumes ("AUVs"). Same-store sales, restaurant sales, and AUVs are presented for franchised restaurants and on a system-wide basis, which includes company and franchise restaurants. Franchise sales represent sales at franchise restaurants and are revenues of our franchisees. We do not record franchise sales as revenues; however, our royalty revenues and percentage rent revenues are calculated based on a percentage of franchise sales. We believe franchise and system same-store sales, franchised and system restaurant sales, and AUV information are useful to investors as they have a direct effect on the Company's profitability.
- Adjusted EBITDA, which represents net earnings on a generally accepted accounting principles ("GAAP") basis excluding earnings or losses from discontinued operations, income taxes, interest expense, net, gains or losses on the sale of company-operated restaurants, impairment and other charges, net, depreciation and amortization, amortization of tenant improvement allowances and other, and pension settlement charges. We are presenting Adjusted EBITDA because we believe that it provides a meaningful supplement to net earnings of the Company's core business operating results, as well as a comparison to those of other similar companies. Management believes that Adjusted EBITDA, when viewed with the Company's results of operations in accordance with GAAP and the accompanying reconciliations within MD&A, provides useful information about operating performance and period-over-period change, and provides additional information that is useful for evaluating the operating performance of the Company's core business without regard to potential distortions. Additionally, management believes that Adjusted EBITDA permits investors to gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced.

Same-store sales, system restaurant sales, franchised restaurant sales, AUVs, and Adjusted EBITDA are not measurements determined in accordance with GAAP and should not be considered in isolation, or as an alternative to earnings from operations, or other similarly titled measures of other companies.

## OVERVIEW

As of January 19, 2020, we operated and franchised 2,244 Jack in the Box quick-service restaurants, primarily in the western and southern United States, including one in Guam.

The following summarizes the most significant events occurring year-to-date in fiscal 2020, and certain trends compared to a year ago:

- **System same-store sales** — System same-store sales are up 1.7% year-to-date as compared with the prior year primarily due to menu price increases, partially offset by changes in product mix and a decline in transactions.
- **Company restaurant operations** — Company restaurant costs as a percentage of company restaurant sales increased in 2020 to 75.2% from 73.8% a year ago primarily due to higher costs for labor and commodities.
- **Pension settlement** — As previously announced, in connection with the Company's pension plan de-risking strategy, the Company amended its pension plan to offer a limited time lump sum payment option to certain eligible participants. The transaction resulted in a non-cash settlement charge of \$38.6 million presented within "Other Pension and Post-Retirement Expenses" in our condensed consolidated statement of earnings.
- **Sale of corporate office building** — During the quarter, we executed on our previously announced planned sale of one our corporate office buildings as we move forward with consolidating our corporate facilities. We recognized a \$10.8 million gain on the sale which is presented in "Impairment and Other Costs" in our condensed consolidated statement of earnings.
- **Return of cash to shareholders** — We returned cash to shareholders in the form of share repurchases and cash dividends. We repurchased 1.9 million shares of our common stock at an average price of \$81.41, totaling \$153.5 million. We also declared a quarterly cash dividend of \$0.40 per common share totaling \$9.4 million.
- **Adjusted EBITDA** — Adjusted EBITDA decreased in 2020 to \$76.6 million from \$83.0 million in 2019.

## FINANCIAL REPORTING

In fiscal 2020, we adopted Accounting Standards Codification Topic 842, *Leases* ("ASC 842"), effective at the beginning of our fiscal year on a modified retrospective basis using the effective date transition method. Our consolidated financial statements reflect the application of ASC 842 guidance beginning in 2020, while our consolidated financial statements for prior periods were prepared under the guidance of a previously applicable accounting standard.

The most significant effects of this transition that affect comparability of our results of operations between 2020 and 2019 include the following:

- Our transition to ASC 842 resulted in the gross presentation of property tax and maintenance expenses and related lessee reimbursements as "Franchise occupancy expenses" and "Franchise rental revenues", respectively. These expenses and reimbursements were presented on a net basis under the previous accounting standard. Although there was no net impact to our consolidated statement of earnings from this change, the presentation resulted in total increases in "Franchise rental revenues" and "Franchise occupancy expenses" of \$11.6 million.
- ASC 842 also changed how lessees account for leases subleased at a loss. Under ASC 842, sublease income and lessee rent expense are recorded as franchise rent revenue and franchise occupancy costs as earned or incurred. As a result of this change, franchise revenues and franchise occupancy expenses increased \$1.2 million and \$1.7 million, respectively in 2020.

## RESULTS OF OPERATIONS

The following table presents certain income and expense items included in our condensed consolidated statements of earnings as a percentage of total revenues, unless otherwise indicated. Percentages may not add due to rounding.

### CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS DATA

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
<b>Revenues:</b>		
Company restaurant sales	34.2 %	35.4 %
Franchise rental revenues	31.2 %	28.8 %
Franchise royalties and other	17.1 %	18.0 %
Franchise contributions for advertising and other services	17.5 %	17.8 %
Total revenues	100.0 %	100.0 %
<b>Operating costs and expenses, net:</b>		
Company restaurant costs (excluding depreciation and amortization):		
Food and packaging (1)	29.8 %	28.8 %
Payroll and employee benefits (1)	30.3 %	29.4 %
Occupancy and other (1)	15.1 %	15.6 %
Total company restaurant costs (1)	75.2 %	73.8 %
Franchise occupancy expenses (excluding depreciation and amortization) (2)	67.1 %	60.5 %
Franchise support and other costs (3)	8.9 %	5.4 %
Franchise advertising and other services expenses (4)	102.7 %	104.7 %
Selling, general and administrative expenses	9.2 %	8.3 %
Depreciation and amortization	5.4 %	5.9 %
Impairment and other charges, net	(3.0)%	2.6 %
Gains on the sale of company-operated restaurants	(0.5)%	(0.1)%
Earnings from operations	22.7 %	20.1 %
Income tax rate (5)	28.4 %	23.1 %

- (1) As a percentage of company restaurant sales.  
(2) As a percentage of franchise rental revenues.  
(3) As a percentage of franchise royalties and other.  
(4) As a percentage of franchise contributions for advertising and other services.  
(5) As a percentage of earnings from continuing operations and before income taxes.

The following table summarizes changes in same-store sales for company-owned, franchised, and system-wide restaurants:

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Company	2.9 %	0.5 %
Franchise	1.6 %	(0.1) %
System	1.7 %	(0.1) %

The following table summarizes changes in the number and mix of company and franchise restaurants:

	2020			2019		
	Company	Franchise	Total	Company	Franchise	Total
Beginning of year	137	2,106	2,243	137	2,100	2,237
New	—	11	11	—	9	9
Closed	—	(10)	(10)	—	(5)	(5)
End of period	137	2,107	2,244	137	2,104	2,241
% of system	6 %	94 %	100 %	6 %	94 %	100 %

The following table summarizes restaurant sales for company-owned, franchised, and total system sales (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Company-owned restaurant sales	\$ 105,364	\$ 102,832
Franchised restaurant sales (1)	979,345	959,960
System sales (1)	\$ 1,084,709	\$ 1,062,792

- (1) Franchised restaurant sales represent sales at franchised restaurants and are revenues of our franchisees. System sales include company and franchised restaurant sales. We do not record franchised sales as revenues; however, our royalty revenues, marketing fees and percentage rent revenues are calculated based on a percentage of franchised sales. We believe franchised and system restaurant sales information is useful to investors as they have a direct effect on the Company's profitability.

Below is a reconciliation of Non-GAAP Adjusted EBITDA to the most directly comparable GAAP measure, net earnings (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Net earnings - GAAP	\$ 7,897	\$ 34,098
Earnings from discontinued operations, net of taxes	—	(2,977)
Income tax expense	3,133	9,373
Interest expense, net	19,942	17,374
Pension settlement charge	38,606	—
Gains on the sale of company-operated restaurants	(1,575)	(219)
Impairment and other charges, net	(9,291)	7,698
Depreciation and amortization	16,728	17,169
Amortization of franchise tenant improvement allowances and other	1,151	530
Adjusted EBITDA - Non-GAAP	\$ 76,591	\$ 83,046

### Company Restaurant Operations

The following table presents company restaurant sales and costs, and restaurant costs as a percentage of the related sales. Percentages may not add due to rounding (*dollars in thousands*):

	Sixteen Weeks Ended			
	January 19, 2020		January 20, 2019	
Company restaurant sales	\$	105,364	\$	102,832
Company restaurant costs:				
Food and packaging		31,348	29.8 %	29,616
Payroll and employee benefits		31,890	30.3 %	30,274
Occupancy and other		15,958	15.1 %	16,013
Total company restaurant costs	\$	79,196	75.2 %	\$ 75,903

Company restaurant sales increased \$2.5 million in 2020 versus the prior year primarily due to menu price increases and an increase in traffic.

Same-store sales at company-operated restaurants increased 2.9% compared to a year ago. The following table summarizes the change in company-operated same store-sales versus a year ago:

	Sixteen Weeks Ended
	January 19, 2020
Average check (1)	2.6 %
Transactions	0.3 %
Change in same-store sales	2.9 %

(1) Includes price increases of approximately 2.6%.

Food and packaging costs as a percentage of company restaurant sales increased to 29.8% in 2020 from 28.8% a year ago due primarily to higher costs for ingredients and changes in product mix, partially offset by menu price increases. Commodity costs were up approximately 4.9% due primarily to increases in beef and cheese. Cheese increased most significantly by approximately 33% and beef, our most significant commodity, increased approximately 15% versus a year ago.

Payroll and employee benefit costs as a percentage of company restaurant sales increased to 30.3% in 2020 compared with 29.4% a year ago due primarily to higher average wages resulting from wage inflation and a highly competitive labor market.

Occupancy and other costs as a percentage of company restaurant sales, decreased to 15.1% from 15.6% a year ago due primarily to lower costs for maintenance and repair expenses, partially offset by higher costs for delivery fees and utilities.

### Franchise Operations

The following table presents franchise revenues and costs in each period and other information we believe is useful in analyzing the change in franchise operating results (*dollars in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Franchise rental revenues	\$ 96,084	\$ 83,890
Royalties	50,243	49,507
Franchise fees and other	2,223	2,743
Franchise royalties and other	52,466	52,250
Franchise contributions for advertising and other services	53,759	51,814
Total franchise revenues	\$ 202,309	\$ 187,954
Franchise occupancy expenses (excluding depreciation and amortization)	\$ 64,517	\$ 50,713
Franchise support and other costs	4,676	2,845
Franchise advertising and other services expenses	55,224	54,270
Total franchise costs	\$ 124,416	\$ 107,828
Franchise costs as a percentage of total franchise revenues	61.5 %	57.4 %
Average number of franchise restaurants	2,087	2,084
Increase (decrease) in franchise-operated same-store sales	1.6 %	(0.1)%
Franchised restaurant sales	\$ 979,345	\$ 959,960
Franchised restaurant AUVs	\$ 469	\$ 461
Royalties as a percentage of total franchised restaurant sales	5.1 %	5.2 %

Franchise rental revenues increased \$12.2 million, or 14.5%, in 2020 compared to the prior year, primarily from our adoption of ASC 842, which increased rental revenues \$12.8 million.

Franchise royalties and other increased \$0.2 million in 2020 compared to the prior year, due to an increase in franchise same-store sales driving royalties higher by approximately \$1.7 million, partially offset by a \$0.8 million increase in franchise incentives recorded as a reduction of franchise royalties and a \$0.5 million decrease in franchise fees and other.

Franchise contributions for advertising and other services increased \$1.9 million compared to the prior year, due to an increase in technology fees charged to our franchisees and an increase in franchisee contributions to our marketing fund which are based on a percentage of their restaurant sales.

Franchise occupancy expenses, principally rents, increased \$13.8 million in 2020 compared to the prior year, due primarily to the adoption of ASC 842 which increased franchise occupancy expenses by \$13.3 million.

Franchise support and other costs increased \$1.8 million in 2020 compared to the prior year, due primarily to a \$1.9 million increase in franchisee bad debt expense.

Franchise advertising and other service expenses increased \$1.0 million compared to the prior year, due to a \$0.9 million increase in marketing fund contributions from our franchisees.

### Depreciation and Amortization

Depreciation and amortization decreased by \$0.4 million in 2020 as compared with the prior year, primarily due to our franchise building assets becoming fully depreciated in the current fiscal year.

## Selling, General and Administrative (“SG&A”) Expenses

The following table presents the change in 2020 SG&A expenses compared with the prior year (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Advertising	\$ (1,873)	
Incentive compensation (including share-based compensation and related payroll taxes)		3,014
Cash surrender value of COLI policies, net		(3,506)
Litigation matters		3,756
Other (includes transition services income and savings related to our restructuring plan)		2,774
	\$	4,165

Advertising costs represent company contributions to our marketing fund and are generally determined as a percentage of company-operated restaurant sales. Advertising costs decreased \$1.9 million in 2020 compared to the prior year, primarily due to a \$2.0 million discretionary marketing fund contribution made by the Company in 2019.

Incentive compensation increased by \$3.0 million in 2020 primarily due to an increase in performance-based stock compensation and annual incentives, mainly as a result of higher achievement levels compared to prior year.

The cash surrender value of our company-owned life insurance (“COLI”) policies, net of changes in our non-qualified deferred compensation obligation supported by these policies, are subject to market fluctuations. The changes in market values had a positive impact of \$2.1 million in 2020, compared to a negative impact of \$1.4 million in the prior year.

Litigation matters increased by \$3.8 million, primarily due to costs accrued in 2020 on the expected settlement of an employee litigation matter. Refer to Note 12, *Contingencies and Legal Matters*, of the notes to the condensed consolidated financial statements for additional information regarding these charges.

## Impairment and Other Charges, Net

Impairment and other charges, net is comprised of the following (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Restructuring costs	\$ 1,045	\$ 5,840
Costs of closed restaurants and other	101	866
Accelerated depreciation	—	416
(Gains) losses on disposition of property and equipment, net	(10,437)	576
	\$ (9,291)	\$ 7,698

Restructuring costs decreased by \$4.8 million in 2020 compared to the prior year, primarily as a result of lower severance expenses of \$3.5 million, as well as \$1.3 million lower costs related to the strategic alternative evaluation that was concluded on in the third quarter of 2019.

Gains on disposition of property and equipment, net, increased by \$11.0 million, primarily due to a \$10.8 million gain related to the sale of one of our corporate office buildings in 2020.

## Gains on the Sale of Company-Operated Restaurants

Gains on the sale of company-operated restaurants were \$1.6 million in 2020 versus \$0.2 million in the prior year. In both comparative periods, the gains recognized pertain to meeting certain contingent consideration provisions included in restaurants sold in previous years.

### Other Pension and Post-Retirement Expenses, Net

Other pension and post-retirement expenses, net increased by \$38.5 million in 2020 versus a year ago, primarily due to a non-cash pension settlement charge of \$38.6 million in 2020. Refer to Note 9, *Retirement Plans*, of the notes to the condensed consolidated financial statements for additional information regarding this charge.

### Interest Expense, Net

Interest expense, net is comprised of the following (*in thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Interest expense	\$ 20,419	\$ 17,612
Interest income	(477)	(238)
Interest expense, net	\$ 19,942	\$ 17,374

Interest expense, net increased \$2.6 million in 2020 versus a year ago, primarily due to a higher average borrowings compared to prior year, as well an increase in loan fee amortization of \$1.1 million.

### Income Taxes

The tax rate in 2020 was 28.4% compared with 23.1% a year ago. The major components of the change in tax rates were a decrease in operating earnings before income tax, an adjustment related to state taxes recorded in the first quarter of fiscal year 2019, an increase in the tax deficiency on 2020 stock compensation, partially offset by an increase in gains from the market performance of insurance products used to fund certain non-qualified retirement plans which are excluded from taxable income. The final annual tax rate cannot be determined until the end of the fiscal year; therefore, the actual 2020 rate could differ from our current estimates. Refer to Note 8, *Income Taxes*, of the notes to the condensed consolidated financial statements for additional information regarding income taxes.

## LIQUIDITY AND CAPITAL RESOURCES

### General

Our primary sources of short-term and long-term liquidity are expected to be cash flows from operations and available financing in place. On July 8, 2019, we completed a refinancing of our existing senior credit facility with a new securitized financing facility, comprised of \$1.3 billion of senior fixed-rate term notes and \$150.0 million of variable funding notes as further described below.

We generally reinvest available cash flows from operations to enhance existing restaurants, to reduce debt, to repurchase shares of our common stock, and to pay cash dividends. Our cash requirements consist principally of:

- working capital;
- capital expenditures;
- income tax payments;
- debt service requirements;
- franchise tenant improvement allowance distributions; and
- obligations related to our benefit plans.

Based upon current levels of operations and anticipated growth, we expect that cash flows from operations, combined with our securitized financing facility including our variable funding notes, will be sufficient to meet our capital expenditure, working capital and debt service requirements for at least the next twelve months and the foreseeable future.

As is common in the restaurant industry, we maintain relatively low levels of accounts receivable and inventories, and our 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. As a result, we may at times maintain current liabilities in excess of current assets, which results in a working capital deficit.

### Cash Flows

The table below summarizes our cash flows from continuing operations (*n thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
Total cash provided by (used in):		
Operating activities	\$ 22,687	\$ 37,601
Investing activities	32,364	(4,263)
Financing activities	(168,326)	(31,743)
Net cash flows	\$ (113,275)	\$ 1,595

**Operating Activities.** Operating cash flows in the quarter decreased \$14.9 million compared with a year ago, primarily due to unfavorable changes in working capital of \$9.0 million and lower net income adjusted for non-cash items of \$5.9 million.

**Pension and Postretirement Contributions** — Our policy is to fund our pension plans at or above the minimum required by law. As of January 1, 2019, the date of our last actuarial funding valuation, there was no minimum contribution funding requirement for our qualified pension plan. We continue to evaluate contributions to our Qualified Plan based on changes in pension assets as a result of asset performance in the current market and the economic environment. We do not anticipate making any contributions to our Qualified Plan in fiscal 2020. In 2020, we contributed \$2.0 million to our non-qualified pension plan and postretirement plans.

**Investing Activities.** Cash provided by investing activities increased by \$36.6 million compared with a year ago, primarily due to higher proceeds from the sale and leaseback of assets of \$17.4 million, higher proceeds from the sale of property and equipment of \$20.3 million, and \$4.0 million lower capital expenditure spending, partially offset by \$6.5 million of lower repayments received on notes issued in connection with 2018 franchising transactions.

**Capital Expenditures** — The composition of capital expenditures in each period follows (*n thousands*):

	Sixteen Weeks Ended	
	January 19, 2020	January 20, 2019
<b>Jack in the Box:</b>		
Restaurant facility expenditures	\$ 3,500	\$ 7,346
New restaurants	—	1,301
Other, including information technology	1,552	2,525
	<u>5,052</u>	<u>11,172</u>
<b>Corporate Services:</b>		
Information technology	1,760	11
Other, including facility improvements	390	—
	<u>2,150</u>	<u>11</u>
<b>Total capital expenditures</b>	<u>\$ 7,202</u>	<u>\$ 11,183</u>

Our capital expenditure program includes, among other things, restaurant remodeling, information technology enhancements, and investments in new locations and equipment. Capital expenditures decreased by \$4.0 million compared to a year ago primarily due to lower facility expenditures from restaurant remodels and technology initiatives; partially offset by higher spending on certain corporate technology initiatives in 2020.

**Sale leaseback transactions** — We use sale and leaseback financing to lower the initial cash investment in our restaurants to the cost of the equipment, whenever possible. In 2020, we completed a sale leaseback transaction of a multi-tenant commercial property in Los Angeles, California and leased back the parcel on which a company-operated restaurant is located. We received net proceeds on the transaction of \$17.4 million during the quarter.

In 2020, we also completed the sale of one of our corporate office buildings as we move forward with our previously announced consolidation of our corporate facilities. We entered into a lease with the buyer to leaseback the property up to a period of 18 months with an option of the Company to terminate the lease, without penalty, upon providing a 90-day notice. We received net proceeds on the sale of \$20.6 million during the quarter.

**Financing Activities.** Cash flows used in financing activities increased by \$136.6 million compared with a year ago, primarily due to an increase in stock repurchases of \$141.2 million and lower cash book overdrafts of \$9.2 million, partially offset lower debt repayments of \$13.7 million.

**Class A-2 Notes** — Interest and principal payments on the Class A-2 Notes are payable on a quarterly basis. In general, no principal payments will be required if a specified leverage ratio, which is a measure of outstanding debt to earnings before interest, taxes, depreciation, and amortization, adjusted for certain items (as defined in the Indenture), is less than or equal to 5.0x. At January 19, 2020, the Company's actual leverage ratio exceeded 5.0x, and as a result, we will be required to make quarterly principal payments of \$3.25 million. The Company anticipates that we will be required to make quarterly principal payments on the Class A-2 Notes for the foreseeable future.

The legal final maturity date of the Class A-2 Notes is in August 2049, but it is expected that, unless earlier prepaid to the extent permitted under the Indenture, the anticipated repayment dates of the Class A-2-I Notes, the Class A-2-II Notes and the Class A-2-III Notes will be August 2023, August 2026 and August 2029, respectively (the "Anticipated Repayment Dates"). If the Master Issuer has not repaid or refinanced the Class A-2 Notes prior to the respective anticipated repayment date, additional interest will accrue pursuant to the Indenture. As of January 19, 2020, \$1,300.0 million of borrowings were outstanding on the Class A-2 Notes.

**Variable Funding Notes** — The Variable Funding Notes were issued under the Indenture and allow for drawings of up to \$150.0 million on a revolving basis and the issuance of letters of credit. Depending on the type of borrowing under the Variable Funding Notes, interest on the Variable Funding Notes will be based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the London interbank offered rate for U.S. Dollars or (iv) the lenders' commercial paper funding rate plus any applicable margin, as set forth in the Variable Funding Note Purchase Agreement. There is a scaled commitment fee on the unused portion of the Variable Funding Notes facility of between 50 and 100 basis points. It is anticipated that the principal and interest on the Variable Funding Notes will be repaid in full on or prior to August 2024, subject to two one-year extensions at the option of the Company. Following the anticipated repayment date (and any extensions thereof), additional interest will accrue equal to 5.00% per annum. As of January 19, 2020, \$42.1 million of letters of credit were outstanding against the

Variable Funding Notes, which relate primarily to interest reserves required under the Indenture. The Variable Funding Notes were undrawn at January 19, 2020.

**Covenants and restrictions** — The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain stated debt service coverage ratios, the sum of global gross sales for specified restaurants being below certain levels on certain measurement dates, certain manager termination events, an event of default, and the failure to repay or refinance the Class A-2 Notes on the applicable scheduled maturity date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments. As of January 19, 2020, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

In accordance with the Indenture, certain cash accounts have been established with the Indenture trustee for the benefit of the note holders, and are restricted in their use. As of January 19, 2020, the Master Issuer had restricted cash of \$18.4 million, which primarily represented cash collections and cash reserves held by the trustee to be used for payments of principal, interest and commitment fees required for the Notes.

**Repurchases of Common Stock** — The Company repurchased approximately 1.9 million shares of its common stock in the first quarter of fiscal 2020 at an average price of \$81.41 per share for an aggregate cost of \$153.5 million. This leaves approximately \$122.2 million remaining under share repurchase programs authorized by its Board of Directors, consisting of \$22.2 million remaining that expire in November 2020 and approximately \$100.0 million remaining that expire in November 2021.

Repurchases of common stock included in our condensed consolidated statement of cash flows for fiscal 2020 includes \$2.0 million related to repurchase transactions traded in the prior year that settled in 2020.

**Dividends** — During 2020, the Board of Directors declared a quarterly cash dividends of \$0.40 per common share totaling \$9.4 million. Future dividends are subject to approval by our Board of Directors.

#### **Off-Balance Sheet Arrangements**

We have entered into certain off-balance sheet contractual obligations and commitments in the ordinary course of business, which are recognized in our condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles. There has been no material change in these arrangements as disclosed in our Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019. We are not a party to any other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

#### **DISCUSSION OF CRITICAL ACCOUNTING ESTIMATES**

Critical accounting estimates are those that we believe are most important for the portrayal of the Company's financial condition and results, and that require management's most subjective and complex judgments. Judgments and uncertainties regarding the application of these policies may result in materially different amounts being reported under various conditions or using different assumptions. There have been no material changes to the critical accounting estimates previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2019.

#### **NEW ACCOUNTING PRONOUNCEMENTS**

Refer to Note 1, *Basis of Presentation*, of the notes to condensed consolidated financial statements

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the federal securities laws. Any statements contained herein that are not historical facts may be deemed to be forward-looking statements. Forward-looking statements may be identified by words such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “forecast,” “goals,” “guidance,” “intend,” “plan,” “project,” “may,” “will,” “would,” “should” and similar expressions. These statements are based on management’s current expectations, estimates, forecasts and projections about our business and the industry in which we operate. These estimates and assumptions involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. Factors that may cause our actual results to differ materially from any forward-looking statements include, but are not limited to:

- We face significant competition in the food service industry and our inability to compete may adversely affect our business.
- Changes in demographic trends and in customer tastes and preferences could cause sales and the royalties we receive from franchisees to decline.
- Changes in consumer confidence and declines in general economic conditions could negatively impact our financial results.
- Increases in food and commodity costs could decrease our profit margins or result in a modified menu, which could adversely affect our financial results.
- Failure to receive scheduled deliveries of high quality food ingredients and other supplies could harm our operations and reputation.
- We have a limited number of suppliers for our major products and rely on a distribution network with a limited number of distribution partners for the majority of our national distribution program in the United States. If our suppliers or distributors are unable to fulfill their obligations under their contracts, it could harm our operations.
- Food safety and food-borne illness concerns may have an adverse effect on our business by reducing demand and increasing costs.
- Negative publicity relating to our business or industry could adversely impact our reputation.
- Our business could be adversely affected by increased labor costs.
- Inability to attract, train and retain top-performing personnel could adversely impact our financial results or business.
- We may not have the same resources as our competitors for marketing, advertising and promotion.
- We may be adversely impacted by severe weather conditions, natural disasters, terrorist acts or civil unrest that could result in property damage, injury to employees and staff, and lost restaurant sales.
- We may not achieve our development goals.
- Our highly franchised business model presents a number of risks, and the failure of our franchisees to operate successful and profitable restaurants could negatively impact our business.
- We are subject to financial and regulatory risks associated with our owned and leased properties and real estate development projects.
- Changes to estimates related to our property, fixtures, and equipment or operating results that are lower than our current estimates at certain restaurant locations may cause us to incur impairment charges on certain long-lived assets, which may adversely affect our results of operations.
- Our tax provision may fluctuate due to changes in expected earnings.
- Activities related to our sale of Qdoba, and our refranchising, restructuring, and cost savings initiatives entail various risks and may negatively impact our financial results.
- We are subject to the risk of cybersecurity breaches, intrusions, data loss, or other data security incidents.
- If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, the Company’s stockholders could lose confidence in our financial results, which would harm our business and the value of the Company’s common shares.
- We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business.
- Jack in the Box may be subject to risk associated with disagreements with key stakeholders, such as franchisees.
- The securitized debt instruments issued by certain of our wholly-owned subsidiaries have restrictive terms, and any failure to comply with such terms could result in default, which could harm the value of our brand and adversely affect our business.

- We have a significant amount of debt outstanding. Such indebtedness, along with the other contractual commitments of our Company or its subsidiaries, could adversely affect our business, financial condition and results of operations, as well as the ability of certain of our subsidiaries to meet debt payment obligations.
- The securitization transaction documents impose certain restrictions on our activities or the activities of our subsidiaries, and the failure to comply with such restrictions could adversely affect our business.
- Changes in accounting standards may negatively impact our results of operations.
- We are subject to increasing legal complexity and may be subject to claims or lawsuits that are costly to defend and could result in our payment of substantial damages or settlement costs.
- Unionization activities or labor disputes may disrupt our operations and affect our profitability.
- Increasing regulatory and legal complexity may adversely affect restaurant operations and our financial results.
- Our insurance may not provide adequate levels of coverage against claims.
- Our quarterly results and, as a result, the price of our common stock, may fluctuate significantly and could fall below the expectations of securities analysts and investors due to various factors.
- Activities of activist stockholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.
- Governmental regulation may adversely affect our existing and future operations and results, including by harming our ability to profitably operate our restaurants.
- The proliferation of federal, state, and local regulations increases our compliance risks, which in turn could adversely affect our business.
- Legislation and regulations regarding our products and ingredients, including the nutritional content of our products, could impact customer preferences and negatively impact our financial results.
- Failure to obtain and maintain required licenses and permits or to comply with food control regulations could lead to the loss of our food service licenses and, thereby, harm our business.

These and other factors are identified and described in more detail in our filings with the Securities and Exchange Commission, including, but not limited to: the "Discussion of Critical Accounting Estimates," and other sections in this Form 10-Q and the "Risk Factors" section of our most recent Annual Report on Form 10-K for the fiscal year ended September 29, 2019 ("Form 10-K"). These documents may be read free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). Potential investors are urged to consider these factors, more fully described in our Form 10-K, carefully in evaluating any forward-looking statements, and are cautioned not to place undue reliance on the forward-looking statements. All forward-looking statements are made only as of the date issued, and we do not undertake any obligation to update any forward-looking statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our quantitative and qualitative market risks set forth in Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019.

### ITEM 4. CONTROLS AND PROCEDURES

#### ***Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures***

Management, under the oversight of the Company’s Chief Executive Officer and Chief Financial Officer (its principal executive and principal financial officer, respectively), evaluated the effectiveness of the Company’s disclosure controls and procedures as defined in Rules 13-1-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by the Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective due to a material weakness in internal control over financial reporting that was disclosed in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019.

#### ***Changes in Internal Control over Financial Reporting***

During the fiscal quarter ended January 19, 2020, we adopted new guidance for lease accounting. We implemented internal controls to ensure we adequately evaluated leasing arrangements and properly assessed the impact of the new guidance to facilitate the adoption. Additionally, we implemented new business processes, internal controls, and modified information technology systems to assist in the ongoing application of the new guidance. There have been no other changes in the Company’s internal control over financial reporting that occurred during the Company’s fiscal quarter ended January 19, 2020 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

#### ***Remediation of Material Weakness***

As previously described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended September 29, 2019, we began implementing a remediation plan to address the material weakness mentioned above. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

## PART II. OTHER INFORMATION

There is no information required to be reported for any items under Part II, except as follows:

### ITEM 1. LEGAL PROCEEDINGS

See Note 12, *Contingencies and Legal Matters*, of the notes to the condensed consolidated financial statements for a discussion of our contingencies and legal matters.

### ITEM 1A. RISK FACTORS

The risk factors set forth below contain material changes to the risk factors previously disclosed and included in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019. When evaluating our business and our prospects, you should consider the risks and uncertainties described under Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended September 29, 2019, which we filed with the SEC on November 21, 2019, as updated in this Item 1A. You should also consider the risks and uncertainties discussed under the heading “Cautionary Statements Regarding Forward-Looking Statements” in Item 2 of this Quarterly Report on Form 10-Q. You should also refer to the other information set forth in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended September 29, 2019, including our financial statements and the related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the risks or uncertainties actually occurs, our business and financial results could be harmed. In that case, the market price of our common stock could decline.

#### ***Inability to attract, train and retain top-performing personnel could adversely impact our financial results or business.***

We believe that our continued success will depend, in part, on our ability to attract and retain the services of skilled personnel, from our senior management to our restaurant employees. The loss of the services of, or our inability to attract and retain, such personnel could have a material adverse effect on our business. We believe good managers and crew are a key part of our success, and we devote significant resources to recruiting and training our restaurant managers and crew. We aim to reduce turnover among our restaurant crews and managers in an effort to retain top performing employees and better realize our investment in training new employees. Any failure to do so may adversely impact our operating results by increasing training costs and making it more difficult to deliver outstanding customer service, which could have a material adverse effect on our financial results.

On December 11, 2019, we announced that Lenny Comma, our Chief Executive Officer, intends to leave the Company and our Board has retained Spencer Stuart to assist us in identifying an individual to succeed Mr. Comma as Chairman and Chief Executive Officer. While our Board is confident in its ability to identify and attract a successor, there can be no assurances of when we will be able to successfully attract and retain a qualified candidate to serve as Chief Executive Officer. Our inability to identify, attract and retain such a qualified candidate could impede the further implementation of our business strategy, which could have a material adverse effect on our business. In addition, we previously announced that other key members of executive management have left and will be leaving the Company in early 2020. The loss of these key executives or any additional members of our executive management team or an inability to effectively plan for and implement a succession plan for key management could negatively impact our business.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**Stock Repurchases** — In the first quarter of 2020 we repurchased 1.9 million shares at an aggregate cost of \$153.5 million. As of January 19, 2020, there was approximately \$22.2 million remaining under the Board-authorized stock buyback program which expires in November 2020 and approximately \$100.0 million which expires in November 2021.

	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Maximum dollar value that may yet be purchased under these programs
September 30, 2019 - October 27, 2019	338,792	\$ 88.47	338,792	\$ 275,702,860
October 28, 2019 - November 24, 2019	978,035	\$ 82.97	978,035	\$ 246,164,247
November 25, 2019 - December 22, 2019	569,373	\$ 78.45	569,373	\$ 166,866,944
December 23, 2019 - January 19, 2020	—	\$ —	—	\$ 122,153,031
Total	<u>1,886,200</u>		<u>1,886,200</u>	

ITEM 3. DEFAULTS OF SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Item 5.03. None.

ITEM 6. EXHIBITS

<u>Number</u>	<u>Description</u>	<u>Form</u>	<u>Filed with SEC</u>
10.2.11*	<a href="#">Mark Blankenship Separation and Release Agreement, dated January 3, 2020</a>	10-Q	Filed herewith
10.2.12*	<a href="#">Paul Melancon Separation and Release Agreement, dated January 3, 2020</a>	10-Q	Filed herewith
10.2.13*	<a href="#">Vanessa Fox Separation and Release Agreement, dated January 17, 2020</a>	10-Q	Filed herewith
10.8.17*	<a href="#">Jack in the Box Inc. Special Time-Vesting Restricted Stock Unit Award Agreement Under the 2004 Stock Incentive Plan</a>	10-Q	Filed herewith
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	—	Filed herewith
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	—	Filed herewith
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	—	Filed herewith
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	—	Filed herewith
101.INS	XBRL Instance Document		
101.SCH	XBRL Taxonomy Extension Schema Document		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document		
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document		
101.LAB	XBRL Taxonomy Extension Label Linkbase Document		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document		

\*Management contract or compensatory plan

SIGNATURE

Pursuant to the requirements 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: \_\_\_\_\_ /s/ LANCE TUCKER  
**Lance Tucker**  
**Executive Vice President and Chief Financial Officer (principal financial officer)**  
**(Duly Authorized Signatory)**

Date: February 20, 2020

**SEPARATION AND RELEASE AGREEMENT**

I, Vanessa Fox, whose address is [ ], understand that my employment with Jack in the Box Inc. and/or any past or present subsidiary, affiliate, predecessor, or successor, (Collectively referred to herein as "Company") will terminate January 17, 2020 ("Termination Date"). This Separation and Release Agreement ("Agreement") is entered into in connection with my termination.

**Company Offer.** Although the Company has no obligation to do so, if I: (i) fulfill the Requirements to Accept Offer; and (ii) comply with all of my legal and contractual obligations to the Company, then the Company will provide me with the following severance benefits (the "Severance Benefits"):

**(a) Severance Payment.** The Company will pay me, as severance, the amount of \$463,500 (less required payroll deductions and any other offsets for money I owe the Company) ("Separation Payment").

**(b) Medical Insurance.** If I timely elect continued medical coverage under COBRA, the Company will pay for the COBRA medical premium (taxable) to continue my medical insurance coverage (including medical coverage for eligible dependents, if applicable) ("COBRA Premium") through the period (the "COBRA Medical Premium Period") starting on the first of the month following Termination Date and ending on the earliest to occur of: (i) 18 months from the first of the month following Termination Date (January 17, 2020); or (ii) the date I request to cease COBRA medical coverage; or (iii) the date I cease to be eligible for COBRA medical continuation coverage for any reason. In the event I cease to be eligible for COBRA during the COBRA Medical Premium Period, I agree to immediately notify the Company of such event.

**(c) Outplacement Support.** The Company will provide me up to 12 months of outplacement support through a provider selected and paid for by the Company.

In order to receive any of the Severance Benefits, the Requirements to Accept Offer described below must be fulfilled. If the Requirements to Accept Offer are not fulfilled, the Company Offer automatically terminates. The Severance Benefits are in addition to wages due to me for work performed and will be paid to me as consideration for my settlement, release and discharge of any and all known or unknown claims as described below.

**Requirements to Accept Offer.** In order to accept the Company Offer I must:

(a) sign this Agreement and return it to the Company by either:

- (i) hand-delivering the Agreement to Melissa Corrigan, 9330 Balboa Avenue, San Diego, CA 92123 no later than close of business on January 6, 2020; or

(ii) mailing or sending the Agreement by overnight service such as Federal Express to:

Melissa Corrigan  
Vice President, Chief Human Resources Officer  
9330 Balboa Ave.  
San Diego, CA 92123

If mailed, the envelope must be postmarked no later than January 6, 2020, and must be received within a reasonable time thereafter. If overnighted, it must be received no later than January 6, 2020.

(iii) Faxing the Agreement to Melissa Corrigan at 858-694-1570 no later than January 6, 2020; or

(iv) Sending the Agreement via Electronic Mail (email) to Melissa Corrigan at [ ] no later than January 6, 2020.

(b) not revoke this Agreement during the seven (7) day Revocation Period.

**Time When Payment Will Be Made.** If I fulfill the Requirements to Accept Offer described above, the Separation Payment will be issued to me in a one-time, lump-sum payment (via direct deposit or a mailed check, according to my previously designated preferences) within ten (10) days after the Revocation Period has expired or Termination Date, whichever is later.

**Release of Claims.** By signing and returning this Agreement to the Company, I hereby generally and completely settle, release and discharge any and all claims of every type, known or unknown, which I have or may have against the Company, and its shareholders, directors, officers, employees and representatives, whether known or unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date I sign this Agreement. This is a general release of all claims and includes, without limitation, all claims related to my employment with the Company or the termination of that employment, and all claims arising under any Federal, State, or local laws or regulations pertaining to employment, including discrimination on the basis of sex, pregnancy, race, color, marital status, religion, creed, national origin, age, disability, medical condition, or mental condition status or any status protected by any other anti-discrimination laws, including, without limitation, Title VII of the Civil Rights Act of 1964, the Family Medical Leave Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act and the California Fair Employment and Housing Act, and the California Family Rights Act, whether such claim be based on an action filed by me or by a governmental agency.

**Waiver of Notice Requirements under State and Federal WARN Act.** By signing and returning this Agreement to the Company and in further consideration of receipt of my

Separation Package, I agree and understand that I am waiving my right to bring any and all claims which I have or may have relating to the minimum advanced notice requirements as set forth under the Federal or State WARN Act. I also understand and agree that I am waiving my right to receive pay in lieu of notice under the WARN Act.

**Unknown Claims.** This section shall be governed by California law. I understand that I may have claims of which I may be unaware or unsuspecting which I am giving up by signing this Agreement. I also expressly waive all rights I might have under Section 1542 of the Civil Code of California which reads as follows:

1542. Certain claims not affected by general release. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, would have materially affected his or her settlement with the debtor or released party.

**Waiver of Age Discrimination Claims.** I received this Agreement on November 22, 2019 and have been given a forty-five (45) day waiting period to consider whether to sign it. I understand that even if I sign and return this Agreement, I can still revoke this Agreement within seven (7) days after it is returned to the Company (the "Revocation Period") and this Agreement will not become effective or enforceable until the Revocation Period has expired (such date, the "Effective Date").

I understand and agree that I:

1. Have carefully read and fully understands all of the provisions of this Agreement;
2. Am, through this Agreement, releasing the Company from any and all claims I may have against it to date under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621, et seq.);
3. Knowingly and voluntarily agree to all of the terms set forth in this Agreement;
4. Knowingly and voluntarily intend to be legally bound by the same;
5. Was advised and hereby am advised in writing to consider the terms of this Agreement and consult with an attorney of my choice prior to executing this Agreement; and,
6. Understand that rights or claims under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621, et seq.) that may arise after the date this Agreement is executed are not waived.
7. [Have been provided with the ADEA disclosure information (under 29 U.S.C. § 626(f)(1)(H)), attached hereto as Exhibit 1.]

**Claims Not Affected.** This is a general release of all claims, and excludes only (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any claims which I may have by reason of any Social Security, Worker's Compensation, or Unemployment laws, or any benefits earned during my employment which may be payable to me now or in the future under any of the Benefit and/or Welfare Programs of the Company; (iii) any other rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement.

**Advice to Consult With Attorney.** I have been (i) advised in writing to consult with an attorney, and (ii) given forty-five (45) days to thoroughly review and discuss all aspects of this Agreement with my attorney before signing this Agreement and I have thoroughly discussed, or in the alternative have freely elected to waive any further opportunity to discuss, this Agreement with my attorney.

**Agreement Knowingly and Voluntarily Executed.** I freely and voluntarily entered into this Agreement on my own behalf, in the exercise of my own free act, deed and will, and without any duress or coercion. I understand that in executing this Agreement, it becomes final and conclusive.

**Confidentiality.** I agree that the terms and conditions of this Release shall remain confidential as between the Company and me and shall not be disclosed to any other person except as provided by law or to my attorney, spouse or significant other, accountant and/or financial advisor. I also agree that during my employment I may have had access to confidential information and trade secrets concerning products, business plans, marketing strategies and other Company information and that I shall keep these matters completely confidential. I understand that nothing in this Agreement prohibits me from disclosing facts or information that I have the right to disclose under state or federal law, including any facts relating to a claim for sexual harassment or discrimination based on sex.

**Continuing Obligations; Non-Disparagement.** I acknowledge that I remain bound by the previous [Confidentiality and Restrictive Covenant Agreement] between me and the Company, attached hereto as **Exhibit 2**, and agree to abide by those continuing obligations. I also agree not to disparage the Company, or its current and former officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputation, goodwill, or personal reputation. Jack in the Box agrees that no one on its current Executive Leadership Team will say or do anything that is likely to damage or impair in any way my business opportunities, goodwill, and reputation. Nothing in this provision shall be interpreted to prohibit me or any other current or former employee of the Company from responding accurately and fully to any question, inquiry or request for information when required by legal process.

**Notice of Rights Pursuant to Section 7 of the Defend Trade Secrets Act (DTSA).** Notwithstanding any provisions in this agreement or the Company policy applicable to the unauthorized use or disclosure of trade secrets, I am hereby notified that, pursuant to Section 7 of the DTSA, I cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to

a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law. I also may not be held so liable for such disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, individuals who file a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

**Reporting to Governmental Agencies.** Nothing in this Agreement prevents me from filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

**No Admission of Wrongdoing by the Company.** The Company expressly denies any violation of any federal, state or local law. Accordingly, while this Agreement resolves all issues referred to in this Agreement, it is not, and shall not be construed as, an admission by the Company of any violation of any federal, state or local law, or of any liability whatsoever. I am unaware of any claims against (or wrongdoing by) the Company.

**General Provisions.** This Agreement, including its Exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between me and the Company with regard to its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both me and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both me and the Company, and inure to the benefit of both me and the Company, their heirs, successors and assigns. The Company may freely assign this Agreement, without my prior written consent. I may not assign any of my duties hereunder, and I may only assign any of my rights hereunder with the written consent of the Company. If any provision of this Agreement is held to be contrary to applicable law, it shall be modified or disregarded as necessary and the remainder of the Agreement will remain in full force and effect. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. A facsimile, copy or electronic mail (scanned PDF) of this Agreement shall be deemed an original.

I have read and understand all of the provisions of this Agreement and I voluntarily enter into this Agreement by signing it on January 6, 2020.

/S/ Brandon Fox  
Witness Signature

/S/ Vanessa Fox  
Vanessa Fox

**SEPARATION AND RELEASE AGREEMENT**

I, Paul Melancon, whose address is [ ], understand that my employment with Jack in the Box Inc. and/or any past or present subsidiary, affiliate, predecessor, or successor, (Collectively referred to herein as "Company") will terminate January 3, 2020 ("Termination Date"). This Separation and Release Agreement ("Agreement") is entered into in connection with my termination.

**Company Offer.** Although the Company has no obligation to do so, if I: (i) fulfill the Requirements to Accept Offer; and (ii) comply with all of my legal and contractual obligations to the Company, then the Company will provide me with the following severance benefits (the "Severance Benefits"):

**(a) Severance Payment.** The Company will pay me, as severance, the amount of \$468,000 (less required payroll deductions and any other offsets for money I owe the Company) ("Separation Payment").

**(b) Medical Insurance.** If I timely elect continued medical coverage under COBRA, the Company will pay for the COBRA medical premium (taxable) to continue my medical insurance coverage (including medical coverage for eligible dependents, if applicable) ("COBRA Premium") through the period (the "COBRA Medical Premium Period") starting on the first of the month following Termination Date and ending on the earliest to occur of: (i) 17 months from the first of the month following Termination Date (January 3, 2020); or (ii) the date I request to cease COBRA medical coverage; or (iii) the date I cease to be eligible for COBRA medical continuation coverage for any reason. In the event I cease to be eligible for COBRA during the COBRA Medical Premium Period, I agree to immediately notify the Company of such event.

**(c) Outplacement Support.** The Company will provide me up to 12 months of outplacement support through a provider selected and paid for by the Company.

In order to receive any of the Severance Benefits, the Requirements to Accept Offer described below must be fulfilled. If the Requirements to Accept Offer are not fulfilled, the Company Offer automatically terminates. The Severance Benefits are in addition to wages due to me for work performed and will be paid to me as consideration for my settlement, release and discharge of any and all known or unknown claims as described below.

**Requirements to Accept Offer.** In order to accept the Company Offer I must:

(a) sign this Agreement and return it to the Company by either:

- (i) hand-delivering the Agreement to Melissa Corrigan, 9330 Balboa Avenue, San Diego, CA 92123 no later than close of business on February 3, 2020; or

(ii) mailing or sending the Agreement by overnight service such as Federal Express to:

Melissa Corrigan  
Vice President, Chief Human Resources Officer  
9330 Balboa Ave.  
San Diego, CA 92123

If mailed, the envelope must be postmarked no later than February 3, 2020, and must be received within a reasonable time thereafter. If overnighted, it must be received no later than February 3, 2020.

(iii) Faxing the Agreement to Melissa Corrigan at 858-694-1570 no later than February 3, 2020; or

(iv) Sending the Agreement via Electronic Mail (email) to Melissa Corrigan at [ ] no later than February 3, 2020.

(b) not revoke this Agreement during the seven (7) day Revocation Period.

**Time When Payment Will Be Made.** If I fulfill the Requirements to Accept Offer described above, the Separation Payment will be issued to me in a one-time, lump-sum payment (via direct deposit or a mailed check, according to my previously designated preferences) within ten (10) days after the Revocation Period has expired or Termination Date, whichever is later.

**Release of Claims.** By signing and returning this Agreement to the Company, I hereby generally and completely settle, release and discharge any and all claims of every type, known or unknown, which I have or may have against the Company, and its shareholders, directors, officers, employees and representatives, whether known or unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date I sign this Agreement. This is a general release of all claims and includes, without limitation, all claims related to my employment with the Company or the termination of that employment, and all claims arising under any Federal, State, or local laws or regulations pertaining to employment, including discrimination on the basis of sex, pregnancy, race, color, marital status, religion, creed, national origin, age, disability, medical condition, or mental condition status or any status protected by any other anti-discrimination laws, including, without limitation, Title VII of the Civil Rights Act of 1964, the Family Medical Leave Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act and the California Fair Employment and Housing Act, and the California Family Rights Act, whether such claim be based on an action filed by me or by a governmental agency.

**Waiver of Notice Requirements under State and Federal WARN Act.** By signing and returning this Agreement to the Company and in further consideration of receipt of my

Separation Package, I agree and understand that I am waiving my right to bring any and all claims which I have or may have relating to the minimum advanced notice requirements as set forth under the Federal or State WARN Act. I also understand and agree that I am waiving my right to receive pay in lieu of notice under the WARN Act.

**Unknown Claims.** This section shall be governed by California law. I understand that I may have claims of which I may be unaware or unsuspecting which I am giving up by signing this Agreement. I also expressly waive all rights I might have under Section 1542 of the Civil Code of California which reads as follows:

1542. Certain claims not affected by general release. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, would have materially affected his or her settlement with the debtor or released party.

**Waiver of Age Discrimination Claims.** I received this Agreement on December 20, 2019 and have been given a forty-five (45) day waiting period to consider whether to sign it. I understand that even if I sign and return this Agreement, I can still revoke this Agreement within seven (7) days after it is returned to the Company (the "Revocation Period") and this Agreement will not become effective or enforceable until the Revocation Period has expired (such date, the "Effective Date").

I understand and agree that I:

1. Have carefully read and fully understands all of the provisions of this Agreement;
2. Am, through this Agreement, releasing the Company from any and all claims I may have against it to date under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621, et seq.);
3. Knowingly and voluntarily agree to all of the terms set forth in this Agreement;
4. Knowingly and voluntarily intend to be legally bound by the same;
5. Was advised and hereby am advised in writing to consider the terms of this Agreement and consult with an attorney of my choice prior to executing this Agreement; and,
6. Understand that rights or claims under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621, et seq.) that may arise after the date this Agreement is executed are not waived.
7. [Have been provided with the ADEA disclosure information (under 29 U.S.C. § 626(f)(1)(H)), attached hereto as Exhibit 1.]

**Claims Not Affected.** This is a general release of all claims, and excludes only (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any claims which I may have by reason of any Social Security, Worker's Compensation, or

Unemployment laws, or any benefits earned during my employment which may be payable to me now or in the future under any of the Benefit and/or Welfare Programs of the Company; (iii) any other rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement.

**Advice to Consult With Attorney.** I have been (i) advised in writing to consult with an attorney, and (ii) given forty-five (45) days to thoroughly review and discuss all aspects of this Agreement with my attorney before signing this Agreement and I have thoroughly discussed, or in the alternative have freely elected to waive any further opportunity to discuss, this Agreement with my attorney.

**Agreement Knowingly and Voluntarily Executed.** I freely and voluntarily entered into this Agreement on my own behalf, in the exercise of my own free act, deed and will, and without any duress or coercion. I understand that in executing this Agreement, it becomes final and conclusive.

**Confidentiality.** I agree that the terms and conditions of this Release shall remain confidential as between the Company and me and shall not be disclosed to any other person except as provided by law or to my attorney, spouse or significant other, accountant and/or financial advisor. I also agree that during my employment I may have had access to confidential information and trade secrets concerning products, business plans, marketing strategies and other Company information and that I shall keep these matters completely confidential. I understand that nothing in this Agreement prohibits me from disclosing facts or information that I have the right to disclose under state or federal law, including any facts relating to a claim for sexual harassment or discrimination based on sex.

**Continuing Obligations; Non-Disparagement.** I acknowledge that I remain bound by the previous [Confidentiality and Restrictive Covenant Agreement] between me and the Company, attached hereto as **Exhibit 2**, and agree to abide by those continuing obligations. I also agree not to disparage the Company, its officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputation, or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process.

**Notice of Rights Pursuant to Section 7 of the Defend Trade Secrets Act (DTSA).** Notwithstanding any provisions in this agreement or the Company policy applicable to the unauthorized use or disclosure of trade secrets, I am hereby notified that, pursuant to Section 7 of the DTSA, I cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law. I also may not be held so liable for such disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, individuals who file a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any

document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

**Reporting to Governmental Agencies.** Nothing in this Agreement prevents me from filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

**No Admission of Wrongdoing by the Company.** The Company expressly denies any violation of any federal, state or local law. Accordingly, while this Agreement resolves all issues referred to in this Agreement, it is not, and shall not be construed as, an admission by the Company of any violation of any federal, state or local law, or of any liability whatsoever. I am unaware of any claims against (or wrongdoing by) the Company.

**General Provisions.** This Agreement, including its Exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between me and the Company with regard to its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both me and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both me and the Company, and inure to the benefit of both me and the Company, their heirs, successors and assigns. The Company may freely assign this Agreement, without my prior written consent. I may not assign any of my duties hereunder, and I may only assign any of my rights hereunder with the written consent of the Company. If any provision of this Agreement is held to be contrary to applicable law, it shall be modified or disregarded as necessary and the remainder of the Agreement will remain in full force and effect. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. A facsimile, copy or electronic mail (scanned PDF) of this Agreement shall be deemed an original.

I have read and understand all of the provisions of this Agreement and I voluntarily enter into this Agreement by signing it on January 2, 2020.

/S/ Wendy Sanderlin  
\_\_\_\_\_  
Witness Signature

/S/ Paul Melancon  
\_\_\_\_\_  
Paul Melancon

**SEPARATION AND RELEASE AGREEMENT**

I, Mark Blankenship, whose address is [ ], understand that my employment with Jack in the Box Inc. and/or any past or present subsidiary, affiliate, predecessor, or successor, (Collectively referred to herein as "Company") will terminate January 3, 2020 ("Termination Date"). This Separation and Release Agreement ("Agreement") is entered into in connection with my termination.

**Company Offer.** Although the Company has no obligation to do so, if I: (i) fulfill the Requirements to Accept Offer; and (ii) comply with all of my legal and contractual obligations to the Company, then the Company will provide me with the following severance benefits (the "Severance Benefits"):

**(a) Severance Payment.** The Company will pay me, as severance, the amount of \$567,000 (less required payroll deductions and any other offsets for money I owe the Company) ("Separation Payment").

**(b) Medical Insurance.** If I timely elect continued medical coverage under COBRA, the Company will pay for the COBRA medical premium (taxable) to continue my medical insurance coverage (including medical coverage for eligible dependents, if applicable) ("COBRA Premium") through the period (the "COBRA Medical Premium Period") starting on the first of the month following Termination Date and ending on the earliest to occur of: (i) 18 months from the first of the month following Termination Date (January 3, 2020); or (ii) the date I request to cease COBRA medical coverage; or (iii) the date I cease to be eligible for COBRA medical continuation coverage for any reason. In the event I cease to be eligible for COBRA during the COBRA Medical Premium Period, I agree to immediately notify the Company of such event.

**(c) Outplacement Support.** The Company will provide me up to 12 months of outplacement support through a provider selected and paid for by the Company.

In order to receive any of the Severance Benefits, the Requirements to Accept Offer described below must be fulfilled. If the Requirements to Accept Offer are not fulfilled, the Company Offer automatically terminates. The Severance Benefits are in addition to wages due to me for work performed and will be paid to me as consideration for my settlement, release and discharge of any and all known or unknown claims as described below.

**Requirements to Accept Offer.** In order to accept the Company Offer I must:

(a) sign this Agreement and return it to the Company by either:

- (i) hand-delivering the Agreement to Melissa Corrigan, 9330 Balboa Avenue, San Diego, CA 92123 no later than close of business on January 26, 2020; or

(ii) mailing or sending the Agreement by overnight service such as Federal Express to:

Melissa Corrigan  
Vice President, Chief Human Resources Officer  
9330 Balboa Ave.  
San Diego, CA 92123

If mailed, the envelope must be postmarked no later than January 26, 2020, and must be received within a reasonable time thereafter. If overnighted, it must be received no later than January 26, 2020.

(iii) Faxing the Agreement to Melissa Corrigan at 858-694-1570 no later than January 26, 2020; or

(iv) Sending the Agreement via Electronic Mail (email) to Melissa Corrigan at [ ] no later than January 26, 2020.

(b) not revoke this Agreement during the seven (7) day Revocation Period.

**Time When Payment Will Be Made.** If I fulfill the Requirements to Accept Offer described above, the Separation Payment will be issued to me in a one-time, lump-sum payment (via direct deposit or a mailed check, according to my previously designated preferences) within ten (10) days after the Revocation Period has expired or Termination Date, whichever is later.

**Release of Claims.** By signing and returning this Agreement to the Company, I hereby generally and completely settle, release and discharge any and all claims of every type, known or unknown, which I have or may have against the Company, and its shareholders, directors, officers, employees and representatives, whether known or unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date I sign this Agreement. This is a general release of all claims and includes, without limitation, all claims related to my employment with the Company or the termination of that employment, and all claims arising under any Federal, State, or local laws or regulations pertaining to employment, including discrimination on the basis of sex, pregnancy, race, color, marital status, religion, creed, national origin, age, disability, medical condition, or mental condition status or any status protected by any other anti-discrimination laws, including, without limitation, Title VII of the Civil Rights Act of 1964, the Family Medical Leave Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act and the California Fair Employment and Housing Act, and the California Family Rights Act, whether such claim be based on an action filed by me or by a governmental agency.

**Waiver of Notice Requirements under State and Federal WARN Act.** By signing and returning this Agreement to the Company and in further consideration of receipt of my

Separation Package, I agree and understand that I am waiving my right to bring any and all claims which I have or may have relating to the minimum advanced notice requirements as set forth under the Federal or State WARN Act. I also understand and agree that I am waiving my right to receive pay in lieu of notice under the WARN Act.

**Unknown Claims.** This section shall be governed by California law. I understand that I may have claims of which I may be unaware or unsuspecting which I am giving up by signing this Agreement. I also expressly waive all rights I might have under Section 1542 of the Civil Code of California which reads as follows:

1542. Certain claims not affected by general release. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, would have materially affected his or her settlement with the debtor or released party.

**Waiver of Age Discrimination Claims.** I received this Agreement on December 12, 2019 and have been given a forty-five (45) day waiting period to consider whether to sign it. I understand that even if I sign and return this Agreement, I can still revoke this Agreement within seven (7) days after it is returned to the Company (the "Revocation Period") and this Agreement will not become effective or enforceable until the Revocation Period has expired (such date, the "Effective Date").

I understand and agree that I:

1. Have carefully read and fully understands all of the provisions of this Agreement;
2. Am, through this Agreement, releasing the Company from any and all claims I may have against it to date under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621, et seq.);
3. Knowingly and voluntarily agree to all of the terms set forth in this Agreement;
4. Knowingly and voluntarily intend to be legally bound by the same;
5. Was advised and hereby am advised in writing to consider the terms of this Agreement and consult with an attorney of my choice prior to executing this Agreement; and,
6. Understand that rights or claims under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621, et seq.) that may arise after the date this Agreement is executed are not waived.
7. [Have been provided with the ADEA disclosure information (under 29 U.S.C. § 626(f)(1)(H)), attached hereto as Exhibit 1.]

**Claims Not Affected.** This is a general release of all claims, and excludes only (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any claims which I may have by reason of any Social Security, Worker's Compensation, or

Unemployment laws, or any benefits earned during my employment which may be payable to me now or in the future under any of the Benefit and/or Welfare Programs of the Company; (iii) any other rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement.

**Advice to Consult With Attorney.** I have been (i) advised in writing to consult with an attorney, and (ii) given [twenty-one (21) / forty-five (45) days] to thoroughly review and discuss all aspects of this Agreement with my attorney before signing this Agreement and I have thoroughly discussed, or in the alternative have freely elected to waive any further opportunity to discuss, this Agreement with my attorney.

**Agreement Knowingly and Voluntarily Executed.** I freely and voluntarily entered into this Agreement on my own behalf, in the exercise of my own free act, deed and will, and without any duress or coercion. I understand that in executing this Agreement, it becomes final and conclusive.

**Confidentiality.** I agree that the terms and conditions of this Release shall remain confidential as between the Company and me and shall not be disclosed to any other person except as provided by law or to my attorney, spouse or significant other, accountant and/or financial advisor. I also agree that during my employment I may have had access to confidential information and trade secrets concerning products, business plans, marketing strategies and other Company information and that I shall keep these matters completely confidential. I understand that nothing in this Agreement prohibits me from disclosing facts or information that I have the right to disclose under state or federal law, including any facts relating to a claim for sexual harassment or discrimination based on sex.

**Continuing Obligations; Non-Disparagement.** I acknowledge that I remain bound by the previous [Confidentiality and Restrictive Covenant Agreement] between me and the Company, attached hereto as **Exhibit 2**, and agree to abide by those continuing obligations. I also agree not to disparage the Company, its officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputation, or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process.

**Notice of Rights Pursuant to Section 7 of the Defend Trade Secrets Act (DTSA).** Notwithstanding any provisions in this agreement or the Company policy applicable to the unauthorized use or disclosure of trade secrets, I am hereby notified that, pursuant to Section 7 of the DTSA, I cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law. I also may not be held so liable for such disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, individuals who file a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any

document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

**Reporting to Governmental Agencies.** Nothing in this Agreement prevents me from filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

**No Admission of Wrongdoing by the Company.** The Company expressly denies any violation of any federal, state or local law. Accordingly, while this Agreement resolves all issues referred to in this Agreement, it is not, and shall not be construed as, an admission by the Company of any violation of any federal, state or local law, or of any liability whatsoever. I am unaware of any claims against (or wrongdoing by) the Company.

**General Provisions.** This Agreement, including its Exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between me and the Company with regard to its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both me and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both me and the Company, and inure to the benefit of both me and the Company, their heirs, successors and assigns. The Company may freely assign this Agreement, without my prior written consent. I may not assign any of my duties hereunder, and I may only assign any of my rights hereunder with the written consent of the Company. If any provision of this Agreement is held to be contrary to applicable law, it shall be modified or disregarded as necessary and the remainder of the Agreement will remain in full force and effect. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California without regard to conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. A facsimile, copy or electronic mail (scanned PDF) of this Agreement shall be deemed an original.

I have read and understand all of the provisions of this Agreement and I voluntarily enter into this Agreement by signing it on December 12, 2019.

/S/ Peggy Chapman  
\_\_\_\_\_  
Witness Signature

/S/ Mark Blankenship  
\_\_\_\_\_  
Mark Blankenship

**JACK IN THE BOX INC.**  
**TIME-VESTING RESTRICTED STOCK UNIT AWARD AGREEMENT**  
**UNDER THE 2004 STOCK INCENTIVE PLAN**

This Time-Vesting Restricted Stock Unit Award Agreement (the "Agreement") is made and entered into effective as of **[Month Day, Year]** (the "Grant Date") by and between Jack in the Box Inc., a Delaware corporation (the "Company"), and **[First Name Last Name]** (the "Awardee").

**RECITALS**

The Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") which administers the Company's 2004 Stock Incentive Plan, as amended from time to time (the "Plan"), has granted to the Awardee as of the Grant Date this award of Time-Vesting Restricted Stock Units (the "RSU Award"), on the terms and conditions set forth herein.

**AGREEMENT**

In consideration of the foregoing and of the mutual covenants set forth herein and other good and valuable consideration, the parties hereto agree as follows:

**1. CONSIDERATION.** The RSU Award has been granted in consideration of the Awardee's continued employment with the Company or a Subsidiary Corporation and acceptance by the Awardee of the terms and conditions set forth below and in the Plan.

**2. TIME-VESTING RESTRICTED STOCK UNIT AWARD**

(a) RSU AWARD. The Committee hereby grants to the Awardee as of the Grant Date, pursuant to the terms of the Plan and this Agreement, an award (the "Award") of **[Total # Units Granted]** RSUs representing the right to receive an equal number of shares of the Company's Common Stock ("Stock") upon vesting over a period of years. All of the RSUs are nonvested and forfeitable as of the Grant Date.

(b) TIME-BASED VESTING. The RSUs will be subject to vesting over 3 years, subject to the provisions of this Agreement, and may be rounded in each case to avoid fractional shares:

**<<Number of Units>>** RSUs shall vest on **[Month Day, Year – 1 year from grant date]**  
**<<Number of Units>>** RSUs shall vest on **[Month Day, Year – 2 years from grant date]**  
**<<Number of Units>>** RSUs shall vest on **[Month Day, Year – 3 years from grant date]**  
**<<Number of Units>>** RSUs shall vest on **[Month Day, Year – 4 years from grant date]**

Each such date on which vesting is scheduled to occur shall be referred to as a "Vesting Date." Vesting shall be contingent on the Awardee's continued employment with the Company or a Subsidiary Corporation from the Grant Date through the applicable Vesting Date.

**3. TERMINATION OF EMPLOYMENT.**

(a) General. Except as set forth in paragraphs (b) and (c) below, if the Awardee ceases to provide Service to the Company or a Subsidiary Corporation prior to the date that the RSUs vest in full, then

the unvested RSUs as of the date of such cessation will be forfeited to the Company immediately and automatically upon such cessation without payment of any consideration for the RSUs, and the Awardee will have no further right, title or interest in or to such RSUs or the underlying shares of Stock.

(b) Involuntary Termination without Cause. If the Awardee ceases to provide Service to the Company or a Subsidiary Corporation prior to the date that the RSUs vest in full due to the Company's involuntary termination of the Awardee's employment without Cause, as such term is defined in Section 11.a.(ii) below, then all unvested RSUs shall become 100% vested on the date of such cessation. Accelerated vesting in accordance with the foregoing will only occur if the Awardee's cessation of employment is also a "separation from service" as defined in Section 409A of the Code.

(c) Termination due to Death, Disability, or Retirement. If the Awardee ceases to provide Service to the Company or a Subsidiary Corporation prior to the date that the RSUs vest in full due to the Awardee's death, Disability, or Retirement, then all unvested RSUs shall become 100% vested on the date of such cessation. For purposes of this Agreement: (i) "Disability" means a physical or mental condition that results in a total and permanent disability to such extent that the Awardee is eligible for disability benefits under the federal Social Security Act, and (ii) "Retirement" means the Awardee's termination of employment other than "for cause" (as determined by the Board in its sole discretion) due to retirement at age 55 or older with 10 or more full years of continuous Service with the Company or a Subsidiary Corporation. Accelerated vesting in accordance with the foregoing will only occur if the Awardee's cessation of employment is also a "separation from service" as defined in Section 409A of the Code.

#### **4. SETTLEMENT OF RSUs.**

(a) Subject to the provisions of this Agreement, including Sections 11 and 20(g), and the six-month delay of payment described in paragraph (b) below, the Company shall deliver to the Awardee through a Company-designated brokerage firm, within 30 days following the applicable RSU vesting date, a number of shares of Stock equal to the number of RSUs that became vested on such vesting date (the "Award Shares"), net of any tax withholding.

(b) If the Awardee is, on the date of the Awardee's cessation of employment, a "specified employee," as described in Section 409A of the Code and determined by the Company, then payment of the RSUs that become vested in accordance with Section 3 due to Awardee's cessation of employment due to Disability or Retirement will be made within 30 days after the six-month anniversary of the Awardee's cessation of employment.

#### **5. TAXES AND WITHHOLDING.**

(a) Any income taxes, FICA, state disability insurance or other similar payroll and withholding taxes ("Withholding Obligation") arising from the receipt of Award Shares is the sole responsibility of the Awardee. The Company, to the extent permitted by law, may deduct any Withholding Obligation arising from the receipt or vesting of the Award from any payment of any kind due to the Awardee, including the Award, and the net balance will be settled in whole shares of Stock of the Company ("Award Shares"). If withheld in shares, such shares shall be valued at Fair Market Value, as defined in the Plan, on the applicable date for such purposes and shall not exceed in amount the minimum statutory tax Withholding Obligation. In no event shall the Company be required to deliver a fractional share of Stock in settlement of the Award.

(b) By accepting this Award, Awardee hereby elects, effective on the date Awardee accepts this Award, to sell shares of Stock issued in respect of the Award in an amount determined in accordance with this Section, and to allow the Agent, as defined below, to remit the cash proceeds of such sales to the

Company as more specifically set forth below (a "Sell to Cover") to permit Awardee to satisfy the Withholding Obligation to the extent the Withholding Obligation is not otherwise satisfied pursuant to the provisions of Section 5(c) below and further acknowledges and agrees to the following provisions:

(i) Awardee hereby irrevocably appoints the Company's designated broker E\*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as Awardee's agent (the "**Agent**"), and authorizes and directs the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on Awardee's behalf, as soon as practicable on or after the date on which the shares of Stock are delivered to Awardee pursuant to Section 4 hereof in connection with the vesting of the RSUs, the number (rounded up to the next whole number) of shares of Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those RSUs and the related issuance of shares of Stock to Awardee that is not otherwise satisfied pursuant to Section 5(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale; and

(4) Deposit any remaining funds in Awardee's account.

(ii) Awardee acknowledges that Awardee's election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (Awardee's election to Sell to Cover and the provisions of this Section, collectively, the "10b5-1 Plan"). Awardee acknowledges that by accepting this Award, he or she is adopting the 10b5-1 Plan to permit Awardee to satisfy the Withholding Obligation. Awardee hereby authorizes the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Stock that must be sold pursuant to this Section to satisfy Awardee's obligations hereunder.

(iii) Awardee acknowledges that the Agent is under no obligation to arrange for the sale of Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to Awardee's account. In addition, Awardee acknowledges that it may not be possible to sell shares of Stock as provided for in this 10b5-1 Plan and in the event of the Agent's inability to sell shares of Stock, Awardee will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld.

(iv) Awardee hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section and the terms of this 10b5-1 Plan.

(v) Awardee's election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of the RSUs and the related issuance of shares of Stock has been satisfied.

(c) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 5(b), Awardee authorizes the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring Awardee to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to Awardee by the Company; and/or

(iii) Withholding shares of Stock from the shares of Stock issued or otherwise issuable to Awardee in connection with the Award with a Fair Market Value (measured as of the date shares of Stock are issued pursuant to Section 4) equal to the amount of the Withholding Obligation; provided, however, that the number of such shares of Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(d) Unless the Withholding Obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to Awardee any Stock.

**6. HOLDING PERIOD REQUIREMENT.** As a condition to receipt of this Award, Awardee hereby acknowledges and agrees to be bound by applicable stock holding requirements that could require that the Awardee hold and not transfer under any circumstance until the Awardee's termination of employment with the Company or Subsidiary Corporation: **50%** (rounded to the nearest whole share) of the total shares of Stock issued to Awardee pursuant to vesting of the RSU award (such percentage applying to Award Shares, net of any portion withheld to satisfy the Withholding Obligation).

**7. AWARD AS COMPENSATION.** No amount attributable to this Award shall be considered as compensation for the purposes of any other Company sponsored plan.

**8. LEGALITY.** The Company is not required to issue any shares of Stock subject to this Award unless and until all applicable requirements of the Securities and Exchange Commission (the "SEC"), the California Department of Corporations or other regulatory agencies having jurisdiction with respect to such issuance, and any exchanges upon which the Stock may be listed, shall have been fully complied with. If shares of Stock subject to this Award are being distributed subject to restrictions or if the rules and interpretations of the SEC so require, such shares may be issued only if the Awardee represents and warrants in writing to the Company that the shares are being acquired for investment and not with a view to the distribution thereof, and any certificates issued upon distribution of the shares shall bear appropriate legends setting forth the restrictions on transfer of such shares. Such legends may not be removed until the Company so requests, based on the opinion of the Company's Counsel that the restrictions are no longer applicable.

**9. ADJUSTMENTS IN STOCK; DISSOLUTION OR LIQUIDATION.** Subject to the provisions of the Plan, if the outstanding shares of the Company Stock of the class subject to this Award are increased or decreased, or are changed into or exchanged for a different number or kind of shares or

securities as a result of one or more reorganizations, recapitalizations, stock splits, reverse stock splits, stock dividends and the like, appropriate adjustments, to be conclusively determined by the Committee, shall be made in the number and/or type of shares or securities subject to this Award and any fractional shares resulting from adjustments will be rounded down to the nearest whole number. Upon the dissolution or liquidation of the Company, the Award will terminate in full for no consideration.

**10. NONTRANSFERABILITY.** Except as otherwise provided in this Paragraph, this Award is not transferable other than by will or the laws of descent and distribution. This Award shall not be otherwise transferred, assigned, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Upon any attempt to transfer this Award otherwise than by will or the laws of descent and distribution or to assign, pledge, hypothecate or otherwise dispose of this Award, other than as permitted herein, or upon the levy of any execution, attachment or similar process upon this Award, this Award shall immediately terminate and become null and void.

**11. EFFECT OF CHANGE IN CONTROL.**

(a) Treatment of RSU Award. Notwithstanding the terms set forth in the Plan, in the event of a Change in Control (as defined in the Plan), the Acquiring Corporation (as defined in the Plan) may assume the Company's rights and obligation under the RSU Award or substitute for the outstanding RSU Award substantially equivalent restricted stock units for the Acquiring Corporation's stock. In the event the Acquiring Corporation elects not to assume or substitute for the outstanding RSU Award in connection with a Change in Control, the RSU Award held by the Awardee whose Service has not terminated prior to such date shall become 100% vested and payable effective as of the date of the Change in Control (except as otherwise provided in this Agreement). For this purpose, the final value of the Award shall be based on the Fair Market Value of the Stock on the effective date of the Change in Control. Any acceleration with the foregoing shall be conditioned upon the consummation of the Change in Control. If the Acquiring Corporation assumes or substitutes for the outstanding RSU Award, the RSU Award, to the extent not vested, shall become 100% vested and payable effective upon the Awardee's Qualifying Termination (as defined below).

(i) "Qualifying Termination" means the Awardee's "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h) and without regard to any alternate definition thereunder) as a result of the occurrence of any of the following events during the twenty-four (24)-month period following a Change in Control of the Company: (1) the Company's involuntary termination of the Awardee's employment without Cause; or (2) Awardee's voluntary termination of employment for Good Reason. A Qualifying Termination shall not include a termination of Awardee's Service by reason of Awardee's death or disability (defined as a physical or mental condition that results in a total and permanent disability to such extent that the person is eligible for disability benefits under the federal Social Security Act).

(ii) "Cause" shall be determined by a committee designated by the Board, in the exercise of good faith and reasonable judgment, and shall [have the meaning ascribed to such term in any written agreement between the Awardee and the Company defining such term and, in the absence of such agreement, such term means] the occurrence of any of the following: (1) a demonstrably willful and deliberate act or failure to act by the Awardee (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, which causes actual material financial injury to the Company and which act or inaction, if remediable, is not remedied within fifteen (15) business days of written notice from the Company; or (2) the Awardee's conviction by a court of competent jurisdiction for committing an act of fraud,

embezzlement, theft, or any other act constituting a felony involving moral turpitude or causing material harm, financial or otherwise, to the Company.

(iii) "Good Reason" shall [have the meaning ascribed to such term in any written agreement between the Awardee and the Company defining such term and, in the absence of such agreement, such term means], without the Awardee's express written consent, the Awardee's resignation of Service upon the occurrence of any one or more of the following conditions, provided that the Awardee first provides the Company with written notice of the existence of the applicable condition described in clauses (1) through (5) below no later than ninety (90) days after the initial existence of such condition is known by the Awardee and the Company fails to remedy such condition within 30 days of the date of such written notice:

(1) the material diminution in the Awardee's authorities, duties or responsibilities, which shall include a material reduction or alteration in the nature or status of the Awardee's authorities, duties, or responsibilities, from those in effect as of ninety (90) calendar days prior to the Change in Control, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by the Awardee;

(2) the Company requiring the Awardee to be based at a location in excess of fifty (50) miles from the location of the Awardee's principal job location or office immediately prior to the Change in Control; except for required travel on the Company's business to an extent consistent with the Awardee's then present business travel obligations;

(3) a material reduction by the Company of the Awardee's regular annualized rate of pay as salary, excluding amounts (i) designated by the Company as payment toward reimbursement of expenses; or (ii) received under incentive or other bonus plans, regardless of whether or not the amounts are deferred;

(4) a material reduction in the Company's compensation, health and welfare benefits, retirement benefits, or perquisite programs under which the Awardee receives value, as such program exists immediately prior to the Change in Control (however, the replacement of an existing program with a new program will be permissible (and not grounds for a Good Reason termination) if there is not a material reduction in the value to be delivered to the Awardee under the new program); or

(5) any material breach by the Company of its obligations under this Agreement [or under any other written agreement under which the Awardee provides services to the Company or the Acquiring Corporation].

(b) Internal Revenue Code Section 280G Excise Tax Provision.

(i) Notwithstanding anything in this Agreement or any other agreement with the Company or any affiliate to the contrary, in the event it shall be determined that (A) any payment, award, benefit or distribution (or any acceleration of any payment, award, benefit or distribution) by the Company (or any of its affiliated entities) or any entity which effectuates a Change in Control (or any of its affiliated entities) to or for the benefit of Awardee (whether pursuant to the terms of this Agreement or otherwise) (each a "Payment" and together the "Payments") would constitute a "parachute payment" within the meaning of Section 280G of the Code and would be subject to the excise tax imposed by Section 4999 of the Code or any successor provision (the "Excise Tax"), and (B) the reduction of the Payments to the maximum amount that could be paid to Awardee without giving rise to the Excise Tax (the "Safe Harbor Cap") would provide Awardee with a greater after-tax amount (taking into account the Excise Tax as well as federal, state and local income and employment taxes) than if such Payments were not reduced, then the Payments shall be reduced to the

Safe Harbor Cap. If the reduction of the Payments would not result in a greater after-tax result to Awardee (taking into account the Excise Tax as well as federal, state and local income and employment taxes), then no Payments shall be reduced pursuant to this provision. The Awardee shall be solely responsible for payment of the Excise Tax and such other applicable federal, state, and local income and employment taxes.

(ii) The reduction of the Payments, if applicable, shall be made by applying any reduction in the following order: (A) first, any cash amounts payable to Awardee as a severance benefit (excluding the accelerated vesting set forth in Section 11 of this Agreement) or otherwise; (B) second, any amounts payable on behalf of Awardee for continued health insurance coverage; (C) third, any other cash amounts payable to or on behalf of Awardee, such as for outplacement benefits, or otherwise; (D) fourth, any payments or benefits under any nonqualified deferred compensation plan; (E) fifth, outstanding performance-based equity grants; and (F) finally, any time-vesting equity grants. In each case, Payments will be reduced beginning with Payments that would be made last in time.

(iii) All determinations required to be made under this Section 11 shall be made by the public accounting firm that is retained by the Company (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and Awardee within fifteen (15) business days of the receipt of notice from the Company or Awardee that there has been a Payment, or such earlier time as is requested by the Company. All fees, costs and expenses (including, but not limited to, the costs of retaining experts) of the Accounting Firm shall be borne by the Company. The determination by the Accounting Firm shall be binding upon the Company and Awardee.

**12. NOTICES.** All notices and other communications made or given pursuant to this Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to the Awardee, five (5) days after deposit in the United States mail, postage prepaid, addressed to the Awardee at the last address the Awardee provided to the Company, or in the case of notices delivered to the Company by the Awardee, addressed to the Committee, care of the Company for the attention of its Secretary at its principal executive office or, in either case, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request the Awardee's consent to participate in the Plan or accept this Award by electronic means. The Awardee hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**13. PLAN CONTROLS.** The Award and all terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which is incorporated herein by reference, as may be amended from time to time, (but no amendment to the Plan shall adversely affect the Awardee's rights under this Award) and any rules and regulations promulgated by the Committee, which shall be controlling. All constructions, interpretations, rule determinations or other actions taken by the Committee shall be final, binding and conclusive on all interested parties, including the Company and its Subsidiary Corporations and all former, present and future employees of the Company or its Subsidiary Corporations. Capitalized terms that are not defined herein shall have the definition given to them in the Plan.

**14. EMPLOYMENT.** Nothing in the Plan or in this Agreement shall confer upon the Awardee any right to continue in the employment of the Company or any of its subsidiaries or interfere in any way with any right of the Company to terminate the Awardee's employment at any time.

**15. RIGHTS AS A SHAREHOLDER.** Nothing in the Plan or in this Agreement shall confer upon the Awardee any rights as a stockholder with respect to any Award Shares prior to the date of distribution of Award Shares to the Awardee.

**16. LAWS GOVERNING.** The Award and the Plan shall be construed and enforced in accordance with the laws of the State of Delaware without regard to the principles of conflicts of law.

**17. RECEIPT OF PROSPECTUS.** The Awardee hereby acknowledges that he or she has received a copy of the prospectus relating to the Award and the shares covered thereby and the Plan.

**18. GENERAL.** The Company shall at all times during the term of this Award reserve and keep available such numbers of shares of Stock as will be sufficient to satisfy the requirements of this Award, shall pay all fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

**19. ELECTRONIC DELIVERY OF DOCUMENTS.** By signing this Agreement, the Awardee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan and the Award, and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledges that the Awardee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Awardee by contacting the Company by telephone or in writing; (iii) further acknowledges that the Awardee may revoke the Awardee's consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledges that the Awardee understands that the Awardee is not required to consent to electronic delivery of documents.

**20. MISCELLANEOUS.**

(i) This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement signed by Awardee and the Company, other than as provided in paragraph (g) below. Anything in this Agreement to the contrary notwithstanding, any modification or amendment of this Agreement by a written agreement signed by, or binding upon, Awardee shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Agreement (including all Awardees hereunder) in respect of the Award granted to the Awardee.

(ii) No waiver of any breach or default hereunder shall be considered valid unless in writing and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature. Anything in this Agreement to the contrary notwithstanding, any waiver, consent or other instrument under or pursuant to this Agreement signed by, or binding upon, the Awardee shall be valid and binding upon any and all persons or entities (other than the Company) who may, at any time, have or claim any rights under or pursuant to this Agreement (including all Awardees hereunder) in respect of the Award originally granted to Awardee.

(iii) Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Awardee and his heirs, personal representatives, successors and assigns; provided, however, that nothing contained herein shall be construed as granting the Awardee the right to transfer any of his Award except in accordance with this Agreement. If the Award is settled after the death of the Awardee, the Award shall be considered transferred to the person or persons (the "Heir") to whom the Awardee's rights under the Award passed by

will or by the applicable laws of descent and distribution, as to all shares of Stock granted under this Award. It shall be the responsibility of the Heir to notify the Company of any changes in address.

(iv) If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained herein.

(v) The section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said sections.

(vi) Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

(vii) This Agreement is intended to be exempt from Section 409A of the Code. Should any provision of this Agreement be found to be contrary to this intent, it shall be modified and given effect, in the sole discretion of the Committee and without requiring the Awardee's consent (notwithstanding anything herein to the contrary), in such manner as the Committee determines to be necessary or appropriate to effectuate an exemption from Section 409A of the Code or comply therewith. The Company has no duty or obligation to minimize the tax consequences to the Awardee of this Award and shall not be liable for any adverse tax consequences to the Awardee arising in connection with this Award.

(viii) This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

**IN WITNESS WHEREOF**, the Company has caused this Award to be granted on its behalf by its CEO, President or one of its Vice Presidents and the Awardee has executed, effective on the Grant Date.

Jack in the Box Inc.

Awardee

By:

«Name»

\_\_\_\_\_  
Lenny Comma

\_\_\_\_\_  
Name

Chairman and CEO

\_\_\_\_\_  
Signature

[employee ID#]

\_\_\_\_\_  
Employee ID

## CERTIFICATION

I, Leonard A. Comma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack in the Box Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 20, 2020

/S/ LEONARD A. COMMA

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Leonard A. Comma  
Chief Executive Officer & Chairman of the  
Board

## CERTIFICATION

I, Lance Tucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack in the Box Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 20, 2020

/S/ LANCE TUCKER

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Lance Tucker  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Leonard A. Comma, 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:

- (1) the quarterly report on Form 10-Q 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: February 20, 2020

/S/ LEONARD A. COMMA

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Leonard A. Comma

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Lance Tucker, 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:

- (1) the quarterly report on Form 10-Q 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: February 20, 2020

/S/ LANCE TUCKER

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Lance Tucker

Chief Financial Officer