

Texas Roadhouse, Inc.
Form DEF 14A
April 11, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Texas Roadhouse, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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April 11, 2014

To our Shareholders:

You are cordially invited to attend the 2014 Annual Meeting of Shareholders of Texas Roadhouse, Inc. on Thursday, May 22, 2014. The meeting will be held at the Texas Roadhouse Support Center, 6040 Dutchmans Lane, Louisville, Kentucky at 9:00 a.m. eastern daylight time.

The official Notice of Annual Meeting, Proxy Statement and Proxy Card are enclosed with this letter.

Please take the time to read carefully each of the proposals for shareholder action described in the accompanying proxy materials. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope. Shareholders of record can also vote by touch-tone telephone from the United States, using the toll-free number on the proxy card, or by the Internet, using the instructions on the proxy card. If you attend the meeting, you may revoke your proxy and vote your shares in person.

Your interest and participation in the affairs of the Company are greatly appreciated. Thank you for your continued support.

Sincerely,

W. Kent Taylor
Chairman, Chief Executive Officer

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TEXAS ROADHOUSE, INC.

6040 Dutchmans Lane
Louisville, Kentucky 40205

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 22, 2014

To the Shareholders:

The Annual Meeting of Shareholders (the "Annual Meeting") of Texas Roadhouse, Inc. (the "Company") will be held at the Texas Roadhouse Support Center, 6040 Dutchmans Lane, Louisville, Kentucky on Thursday, May 22, 2014 at 9:00 a.m. eastern daylight time.

At the Annual Meeting you will be asked to:

elect two Class I directors to the Board of Directors, each for a term of three years;

ratify the appointment of KPMG LLP as the Company's independent auditors;

hold an advisory vote on executive compensation;

vote on a non-binding shareholder proposal to eliminate the classification of the Board of Directors, if properly presented at the meeting; and

transact such other business as may properly come before the meeting.

A Proxy Statement describing matters to be considered at the Annual Meeting is attached to this notice. Only shareholders of record at the close of business on March 24, 2014 are entitled to receive notice of and to vote at the meeting.

By Order of the Board of Directors,

Celia Catlett

General Counsel and Corporate Secretary

Louisville, Kentucky
April 11, 2014

IMPORTANT

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE SUBMIT YOUR VOTE USING ONE OF THE VOTING METHODS DESCRIBED IN THE ATTACHED MATERIALS. IF YOU ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2014 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 22, 2014

Our Proxy Statement related to our 2014 Annual Meeting of Shareholders, our Annual Report on Form 10-K for the fiscal year ended on December 31, 2013 and our Annual Report to Shareholders for the fiscal year ended on December 31, 2013 are available on

our website at www.texasroadhouse.com in the Investors section.

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TEXAS ROADHOUSE, INC.

6040 Dutchmans Lane
Louisville, Kentucky 40205

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 22, 2014

This proxy statement and accompanying proxy card are being furnished in connection with the solicitation of proxies by the board of directors (the "Board") of Texas Roadhouse, Inc., a Delaware corporation, to be voted at the Annual Meeting of Shareholders (the "Annual Meeting") and any adjournments thereof. In this proxy statement, references to the "Company," "we," "us" or "our" refer to Texas Roadhouse, Inc. This proxy statement and accompanying proxy card are first being mailed to shareholders on or about April 11, 2014.

The Annual Meeting will be held at the Texas Roadhouse Support Center, Louisville, Kentucky on Thursday, May 22, 2014 at 9:00 a.m. eastern daylight time, for the purposes set forth in this proxy statement and the accompanying notice of Annual Meeting.

SUMMARY OF MATTERS REQUIRING SHAREHOLDER ACTION

Proposal 1 Election of Directors

The affirmative vote of a plurality of the votes entitled to be cast by the holders of the Company's common stock present in person or represented by proxy is required to elect each nominee. Election by a plurality means that the director nominees with the most votes for the available slots are elected for those slots. You may vote "FOR" all of the nominees or you may "WITHHOLD AUTHORITY" to vote for one or more specifically named nominees. Unless you "WITHHOLD AUTHORITY" to vote for one or more nominees, your proxy will be voted "FOR" the election of the individuals nominated as Class I directors.

Our Board has adopted a majority voting policy for uncontested director elections. Under this policy, any nominee who receives fewer "FOR" votes than "WITHHOLD" votes is required to offer his or her resignation. Our nominating and corporate governance committee would then consider the offer of resignation and make a recommendation to our independent directors as to the action to be taken with respect to the offer.

The Board recommends that you vote "FOR" all of the nominees.

Proposal 2 Ratification of the Appointment of the Company's Independent Auditors

The proposal to ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 30, 2014 must be approved by the affirmative vote of a majority of the shares present (in person or by proxy) and entitled to vote. You may vote "FOR" or "AGAINST" the ratification, or you may "ABSTAIN" from voting on this proposal. A vote to "ABSTAIN" will have the same effect as a vote "AGAINST" this proposal.

The Board recommends that you vote "FOR" this proposal.

Proposal 3 Advisory Vote on Approval of Executive Compensation

The outcome of the advisory vote on whether to approve the executive compensation detailed in this proxy statement (including the Compensation Discussion and Analysis, the Executive Compensation section and the other related executive compensation tables and related discussions) will

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be determined by the affirmative vote of a majority of the shares present (in person or by proxy) and entitled to vote. You may vote "FOR" or "AGAINST" approval of the executive compensation, or you may "ABSTAIN" from voting on this proposal. A vote to "ABSTAIN" will have the same effect as a vote "AGAINST" approval of the executive compensation.

The Board recommends that you vote "FOR" this proposal.

Proposal 4 Nonbinding Shareholder Proposal Regarding Declassification of the Board of Directors

The outcome of the advisory vote on whether to declassify the Board of Directors will be determined by the affirmative vote of a majority of the shares present (in person or by proxy) and entitled to vote. You may vote "FOR" or "AGAINST" approval of declassification, or you may "ABSTAIN" from voting on this proposal. A vote to "ABSTAIN" will have the same effect as a vote "AGAINST" approval of the shareholder proposal.

The Board recommends that you vote "AGAINST" this proposal.

Other Matters

As of the date of this proxy statement, the Board knows of no matters that will be presented for consideration at the Annual Meeting other than those matters discussed in this proxy statement. If any other matters should properly come before the Annual Meeting and call for a vote of shareholders, validly executed proxies in the enclosed form returned to us will be voted in accordance with the recommendation of the Board, or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders. Any such additional matter must be approved by an affirmative vote of a majority of the shares present (in person or by proxy) and entitled to vote at the Annual Meeting.

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INFORMATION ABOUT PROXIES AND VOTING

Record Date and Voting Securities

The Board has fixed the record date (the "Record Date") for the Annual Meeting as the close of business on March 24, 2014. Only shareholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting and at any adjournment or postponement thereof. At the close of business on the Record Date, there were outstanding 69,836,493 shares of common stock, each of which is entitled to one vote per share on all matters to be considered at the Annual Meeting.

The presence in person or by proxy of the holders of a majority of the shares of common stock will constitute a quorum for the transaction of business at the Annual Meeting. Shares of common stock represented by properly executed proxies received before the close of voting at the Annual Meeting will be voted as directed by such shareholders, unless revoked as described below.

Revocability of Proxies

A shareholder who completes and returns the proxy card that accompanies this proxy statement may revoke that proxy at any time before the closing of the polls at the Annual Meeting. A shareholder may revoke a proxy by voting at a later date by one of the methods described on the proxy card or by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to, the Corporate Secretary of the Company at the Company's main office address at any time before the Annual Meeting. Shareholders may also revoke proxies by delivering a duly executed proxy bearing a later date to the inspector of election at the Annual Meeting before the close of voting or by attending the Annual Meeting and voting in person. You may attend the Annual Meeting even though you have executed a proxy, but your presence at the Annual Meeting will not automatically revoke your proxy.

Solicitation of Proxies

The cost of solicitation of proxies being solicited on behalf of the Board will be borne by us. In addition to solicitation by mail, proxies may be solicited personally, by telephone or other means by our directors, officers or employees, who receive no additional compensation for these solicitation activities. We will, upon request, reimburse brokerage houses and persons holding common stock in the names of their nominees for their reasonable out-of-pocket expenses in sending materials to their principals.

Other Voting Considerations

Broker Non-Votes

Under rules of the New York Stock Exchange, matters subject to shareholder vote are classified as "routine" or "non-routine." In the case of routine matters, brokers may vote shares held in "street name" in their discretion if they have not received voting instructions from the beneficial owner. In the case of non-routine matters, brokers may not vote shares unless they have received voting instructions from the beneficial owner ("broker non-votes"); therefore, it is important that you complete and return your proxy early so that your vote may be recorded.

The election of directors (Proposal 1) is a non-routine matter under the applicable rules, so broker non-votes may occur. However, broker non-votes do not count as shares entitled to vote. Because the election is decided by a plurality of shares present (in person or by proxy) and entitled to vote at the Annual Meeting, and because our majority voting policy for directors only considers "FOR" votes and "WITHHOLD" votes, any broker non-votes will not affect the outcome of this proposal.

The ratification of the appointment of the Company's independent auditors (Proposal 2) is a routine matter under the applicable rules, so broker non-votes should not occur. In addition, because

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this matter is routine and brokers may vote as stated above, the number of votes cast, plus the number of abstentions, on this Proposal 2 will be used to establish whether a quorum is present.

The advisory vote on the approval of executive compensation (Proposal 3), the advisory vote on board declassification (Proposal 4), and any other matters that may properly come before the Annual Meeting are also non-routine matters under the applicable rules, so broker non-votes may occur. Because broker non-votes do not count as shares entitled to vote, they do not affect the outcome of the vote on these proposals.

Abstentions

Abstentions will be counted for purposes of calculating whether a quorum is present. The effect of an abstention on each proposal where "ABSTAIN" is a voting choice is discussed above.

Executed but Unmarked Proxies

If no instructions are given, shares represented by properly executed but unmarked proxies will be voted in accordance with the recommendation of the Board, or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders.

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CORPORATE GOVERNANCE AND OUR BOARD

Director Biographies

Class I Directors (Terms Expiring at the 2014 Annual Meeting):

James R. Ramsey. Dr. Ramsey, 65, is the president of the University of Louisville, a position he has held since September 2002. Before becoming president, he served as senior policy advisor and state budget director for the Commonwealth of Kentucky as well as senior professor of economics and public policy at the University of Louisville since 1999. Dr. Ramsey has held numerous academic positions, including serving as vice chancellor for finance and administration at both the University of North Carolina at Chapel Hill and Western Kentucky University. He has been associate dean, assistant dean and director of public administration in the College of Business Administration at Loyola University and a research associate for the University of Kentucky's Center for Public Affairs. He has served on the faculties of the University of North Carolina at Chapel Hill, Western Kentucky University, the University of Kentucky, Loyola University and Middle Tennessee State University in addition to the University of Louisville. Dr. Ramsey has also held a number of positions in state government, including interim commissioner of the Office of the New Economy and special advisor to the chairman of the Kentucky Council on Postsecondary Education. Dr. Ramsey serves on the board of directors and chairs the audit committee of Community Trust Bancorp, Inc. He also serves on the board of trustees of the Aquila Municipal Trust. Dr. Ramsey is being nominated as a director because of his chief executive experience, his financial and accounting experience and his government relations experience. As a result of these and other professional experiences, Dr. Ramsey possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

James R. Zarley. Mr. Zarley, 69, currently serves as chairman of ValueClick, Inc., a single-source provider of media, technology and services across major interactive marketing channels. He has previously served as chief executive officer and chairman of the board, and has been a member of the board of directors of ValueClick since 1999. Mr. Zarley shaped the company into a global leader in online marketing solutions. In May 2007, Mr. Zarley stepped down from the chief executive officer role and became executive chairman to focus on the company's corporate development program and European operations. In April 2010, Mr. Zarley returned to the chief executive officer role. Prior to joining ValueClick, Mr. Zarley was chief operating officer of Hiway Technologies, where he was a leading member of the management team that closed the merger with Verio in 1999. Prior to that, Mr. Zarley was chairman and chief executive officer of Best Internet until it merged with Hiway Technologies in 1998. Mr. Zarley also founded and later sold Quantech Information Services, now an ADP company. In addition, he spent 19 years at RCA in various senior management roles. Mr. Zarley is being nominated as a director because of his chief executive experience in a developing industry, his information technology experience and his experience in acquisitions. As a result of these and other professional experiences, Mr. Zarley possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

Class II Directors (Terms Expiring at the 2015 Annual Meeting):

W. Kent Taylor. Mr. Taylor, 58, is our founder, Chairman, and Chief Executive Officer, a position he resumed in August 2011. Mr. Taylor previously served as Chief Executive Officer from 2000 until 2004, at which time Mr. Taylor became Chairman of the Company, an executive position. Before his founding of our concept in 1993, Mr. Taylor founded and co-owned Buckhead Bar and Grill in Louisville, Kentucky. Mr. Taylor was appointed to the Board of Directors and the Compensation Committee of Papa John's International, Inc., in May 2011. Mr. Taylor was nominated as a director because of his chief executive experience, his knowledge of the restaurant industry and his intimate knowledge of the Company as its founder. As a result of these and other professional experiences, Mr. Taylor possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

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Class III Directors (Terms Expiring at the 2016 Annual Meeting):

Gregory N. Moore. Mr. Moore, 64, served as the Senior Vice President and Controller of Yum! Brands, Inc. until he retired in 2005. He is currently a Financial Consultant and private investor. Yum! Brands is the worldwide parent company of Taco Bell, KFC and Pizza Hut. Prior to becoming Yum! Brands' Controller, Mr. Moore was the Vice President and General Auditor of Yum! Brands. Before that, he was with PepsiCo, Inc. and held the position of Vice President, Controller of Taco Bell and Controller of PepsiCo Wines & Spirits International, a division of PepsiCola International. Before joining PepsiCo, he was an Audit Manager with Arthur Young & Company in its New York City and Stamford, Connecticut offices. Mr. Moore is a certified public accountant in the States of New York and California. In July 2011, Mr. Moore joined the board of Newegg, Inc., a privately held on-line retailer specializing in computer and computer-related equipment, and serves as the chair of both the compensation committee and the audit committee and a member of the nominating committee. Mr. Moore also serves on the board and chairs the audit committee of 3 Day Blinds, a private company, and serves on the board of EF&TRH Restaurants (HK) Holding Limited, a Texas Roadhouse, Inc. joint venture in China. Mr. Moore was nominated as a director because of his extensive financial and accounting experience in the restaurant industry. As a result of these and other professional experiences, Mr. Moore possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

James F. Parker. Mr. Parker, 67, retired as Chief Executive Officer and Vice-Chairman of the Board of Southwest Airlines Co., a position he held from June 2001 through July 2004. Before serving at Southwest Airlines as Chief Executive Officer, Mr. Parker served as General Counsel of that company from 1986 until June 2001, and was previously a shareholder in the San Antonio, Texas law firm of Oppenheimer, Rosenberg, Kelleher and Wheatley. Mr. Parker serves as a member of the board of directors of Sammons Enterprises, Inc., a private company. Mr. Parker was nominated as a director because of his chief executive experience, his knowledge of the value-based service industry and the similarity of cultures between Southwest Airlines and the Company. As a result of these and other professional experiences, Mr. Parker possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

Kathleen M. Widmer. Ms. Widmer, 52, is currently the Executive Vice President and Chief Marketing Officer of Elizabeth Arden, Inc., where she is responsible for the global growth strategy and marketing execution of the Elizabeth Arden Brand as well as the company's extensive portfolio of fragrances. She is a graduate of the U.S. Military Academy in West Point, N.Y. and served for 5 years as a U.S. Army officer. She held positions of increasing responsibility in the Field Artillery, reaching the rank of Captain and Battery Commander of a 400-soldier training unit in Fort Sill, Oklahoma. Ms. Widmer was nominated as a director by the Nominating and Corporate Governance Committee because of her extensive marketing experience in the retail sector and her knowledge of the global retail industry. As a result of these and other professional experiences, Ms. Widmer possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

Meetings of the Board of Directors

The Board met on seven occasions and its standing committees (audit committee, compensation committee, and nominating and corporate governance committee) met on 23 occasions during our fiscal year ended December 31, 2013. Each incumbent director attended at least 75% of the aggregate number of meetings of the Board and its committees on which such director served during his or her period of service. In addition, the Company expects all members of the Board to attend the Annual Meeting. All incumbent members attended the 2013 Annual Meeting. Four regular Board meetings are currently scheduled for the fiscal year 2014. Executive sessions of non-employee directors, without management directors or employees present, are typically scheduled in conjunction with each regularly scheduled Board meeting. The role of each standing committee is more fully discussed below.

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Leadership Structure of the Board of Directors and Role of the Board of Directors in Risk Oversight

The Board currently includes five independent directors and one employee director, and the positions of Chairman and Chief Executive Officer are occupied by the same individual. As noted above, Mr. Taylor was named Chairman of the Board in recognition of his founding and continuing leadership role in the Company, and has held that position since 2004. Mr. Taylor also resumed the position of Chief Executive Officer in August 2011. Mr. Taylor previously served as Chief Executive Officer from 2000 until 2004. We believe that the Company and its shareholders are best served by having Mr. Taylor serve in both positions because he is the person most familiar with our unique business model and the challenges we face in the current macro-economic environment. Mr. Taylor's wealth of knowledge regarding Company operations and the industry in which we compete positions him to best identify matters for Board review and deliberation. Additionally, the combined role of Chairman and Chief Executive Officer unifies the Board with management and eliminates conflict between two leaders. We believe that the Company can more effectively execute its current strategy and business plans to maximize shareholder value if our Chairman is also a member of the management team.

While the Board considers all of its members equally responsible and accountable for oversight and guidance of its activities, they also have designated an independent Lead Director elected annually by a majority of the Board of Directors. Gregory N. Moore currently serves as the independent Lead Director. The responsibility and authority of the independent Lead Director are delineated in our Corporate Governance Guidelines, which can be found on the Company's website at www.texasroadhouse.com.

The Board is responsible for overseeing the Company's risk management strategies, including the Company's implementation of appropriate processes to administer day-to-day risk management. The Board is informed about risk management matters as part of its role in the general oversight and approval of corporate matters. The Board gives clear guidance to the Company's management on the risks it believes face the Company, such as the matters disclosed as risk factors in the Company's Annual Report on Form 10-K. Furthermore, the Board has delegated certain risk management responsibilities to its committees.

Through the audit committee's charter, the Board has authorized it to oversee the Company's risk assessment and risk management policies. The audit committee, in fulfilling its oversight responsibilities, regularly and comprehensively reviews specific risk matters which have been identified by management. The Company's internal auditor regularly reports directly to the audit committee on the results of internal audits, the scope and frequency of which are based on comprehensive risk assessments which have been approved by the audit committee. Additionally, the Company's risk committee regularly updates the audit committee on the results of their risk management activities, which are based on the company's prioritized risk map that is updated annually, at a minimum, and reviewed with the audit committee. The audit committee is routinely advised of operational, financial and legal risks both during and outside of regularly scheduled meetings, and the committee reviews and monitors specific activities to manage these risks, such as insurance plans, hedging strategies and internal controls.

Through the compensation committee's charter, the Board has authorized it to oversee officer and director compensation programs. The compensation committee, in fulfilling its oversight responsibilities, designs the compensation packages applicable to the executive officers and Board members. The compensation committee also consults with management on the payments of bonuses and grants of stock awards to key employees on a quarterly basis.

The audit committee, in coordination with the compensation committee, performs an annual risk assessment of our compensation programs for all employees to determine whether these programs encourage unnecessary or excessive risk taking. In conducting this review, each of our compensation

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programs is evaluated on a number of criteria aimed at identifying any incentive programs that deviate from our risk management objectives. Based on this review in 2013, the committee concluded that we have the right combination of rewards and incentives to drive company performance, without encouraging unnecessary or excessive risk taking by our employees. Specifically, the audit committee identified the following components of our compensation programs that mitigate the likelihood of excessive risk taking to meet performance targets: equity incentive compensation in the form of restricted stock units which, for the Named Executive Officers and the Board of Directors, vest over a period of years; long term contracts and a financial buy-in requirement for restaurant management; a guaranteed base salary within our support center management personnel; minimums and maximums on profit sharing compensation within our support center management personnel; robust internal controls; operational focus on top line sales growth; and, a business model which focuses on a strong balance sheet, relatively low debt, prudent growth, and sustainable long term profitability. Further, the committees believe that issuing restricted stock unit awards to our Named Executive Officers in fixed amounts, as opposed to making equity awards whose ultimate value is determined by achievement of isolated performance criteria, further serves to discourage unnecessary or excessive risk taking. Because the value of restricted stock unit awards varies in response to company performance and shareholder response to that performance through stock price fluctuation, the committees believe that the market price of our publicly traded common stock itself represents the most appropriate metric for determining the long term value of the equity portion of our Named Executive Officers' compensation packages. The use of other arbitrarily selected metrics could create the risk of excessive focus on the achievement of isolated subsidiary objectives, to the potential detriment of our ultimate goal of maintaining sustained profitability and shareholder returns through Legendary Food and Legendary Service.

The Board's oversight roles, including the roles of the audit committee and the compensation committee, combined with the leadership structure of the Board to include Company management, allow the Board to effectively administer risk management policies while also effectively and efficiently addressing Company objectives.

Committees of the Board of Directors

The Board has three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. The Board has adopted a written charter for each of these committees, which sets out the functions and responsibilities of each committee. The charters of these committees are available in their entirety on the Company's website, www.texasroadhouse.com. Please note, however, that the information contained on the website is not incorporated by reference in, or considered to be a part of, this proxy statement. The Board has also designated one of its members as an international liaison, responsible for overseeing the Corporation's efforts in international expansion and reporting to the Board on those efforts.

Audit Committee. As described in its charter, the audit committee assists our Board in fulfilling its oversight responsibility relating to: (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independence and performance of the Company's internal and external auditors, and (iv) the Company's internal controls and financial reporting practices. The audit committee is also required to pre-approve all audit and permitted non-audit services provided by our independent auditors. The audit committee reviews all of the Company's earnings press releases and Quarterly and Annual Reports on Form 10-Q and Form 10-K prior to filing with the Securities and Exchange Commission ("SEC"). The audit committee is also responsible for producing an annual report on its activities for inclusion in this proxy statement. All of the members of the audit committee are "independent," as that term is defined in the listing standards under NASDAQ Marketplace Rule 5605(a)(2) and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the SEC. The audit committee is currently comprised of Messrs. Moore, Parker and Ramsey and is chaired by Mr. Moore. The Board evaluated

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the credentials of and designated Mr. Moore as an "audit committee financial expert" as required by Section 407 of the Sarbanes-Oxley Act of 2002. The audit committee met 15 times during the fiscal year 2013.

Compensation Committee. As described in its charter, the compensation committee: (i) assists the Board in fulfilling its responsibilities relating to the design, administration and oversight of employee compensation programs and benefit plans of the Company's executive officers, (ii) discharges the Board's duties relating to the compensation of the Company's directors and (iii) reviews the performance of the Company's executive officers. The compensation committee is also responsible for reviewing and discussing with management the Compensation Discussion and Analysis in this proxy statement and recommending its inclusion in this proxy statement to the Board. All of the members of the compensation committee are "independent" under all applicable rules, including the listing standards under NASDAQ Marketplace Rule 5605(a)(2) and the requirements of the SEC. The current members of the compensation committee are Ms. Widmer and Messrs. Moore, Parker, Ramsey, and Zarley. Mr. Parker chairs the committee. The compensation committee met five times during the fiscal year 2013.

Nominating and Corporate Governance Committee. As described in its charter, the nominating and corporate governance committee assists our Board in: (i) identifying individuals qualified to become Board members and recommending nominees to the Board either to be presented at the annual meeting or to fill any vacancies, (ii) considering and reporting periodically to the Board on matters relating to the identification, selection and qualification of director candidates and (iii) developing and recommending to the Board a set of corporate governance principles. The nominating committee routinely evaluates the size and composition of the Board and the variety of professional expertise represented by the Board members in relation to the Company's business. All of the members of the nominating and corporate governance committee are "independent" under all applicable rules, including the listing standards under NASDAQ Marketplace Rule 5605(a)(2) and the requirements of the SEC. The current members of the nominating and corporate governance committee are Ms. Widmer and Messrs. Moore, Parker, Ramsey, and Zarley. Mr. Moore chairs the committee. The nominating and corporate governance committee met three times during the fiscal year 2013.

Policy Regarding Consideration of Candidates for Director

Shareholder recommendations for Board membership should include, among other items, the name of the candidate, age, contact information, present principal occupation or employment, qualifications and skills, background, last five years' employment and business experience, a description of current or previous service as director of any corporation or organization, other relevant biographical information and the nominee's consent to service on the Board. A shareholder nominee will be requested to complete a detailed questionnaire in the form that current directors and officers complete.

The nominating and corporate governance committee may consider such other factors as it may deem are in the best interest of the Company and its shareholders. The Board has adopted corporate governance guidelines that provide that, if and when the Board determines that it is necessary or desirable to add or replace a director, the nominating and corporate governance committee will seek diverse candidates, taking into account diversity in all respects (including gender, race, age, board service, background, education, skill set, and financial acumen, along with knowledge and experience in areas that are relevant to the Company's business), when forming the nominee pool. The Nominating and Corporate Governance Committee has reviewed the process used in the selection of director candidates and concluded that the pool contained a diverse group of candidates. The manner in which the nominating and corporate governance committee evaluates a potential nominee will not differ based on whether the nominee is recommended by a shareholder of the Company.

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The Company currently retains a corporate recruiter to assist in identifying candidates for open positions at the Company. Upon request, this recruiter also assists in identifying and evaluating candidates for director, but the Company does not pay an additional fee for such service.

Compensation of Directors

As described more fully below, the following table summarizes the total compensation paid or accrued for fiscal year 2013 for each of the non-employee directors.

Director Compensation Table

| Name (a) | Fees Earned or Paid in Cash (\$) (b) | Grant Date Fair Value of Stock Awards \$(2) (c) | Total (\$) (d) |
|--------------------|--|---|----------------------|
| | Martin T. Hart | 25,500(1) | |
| Gregory N. Moore | 81,000(3) | | 81,000 |
| James F. Parker | 47,500(4) | | 47,500 |
| James R. Ramsey | 38,500 | | 38,500 |
| Kathleen M. Widmer | 14,250 | | 14,250 |
| James R. Zarley | 30,500 | | 30,500 |

- (1) Mr. Hart passed away on January 3, 2014. Upon his death, the previously granted restricted stock units attributable to his service for the 2013 fiscal year, which would have vested on January 7, 2014, lapsed. In recognition of and in deep appreciation for Mr. Hart's service to the Company, the Company made a donation to the Martin T. Hart Scholarship Fund at Regis University in the amount of \$225,000, which amount is approximately equal to the value of the shares underlying the restricted stock units if they had vested.
- (2) No stock grants or option awards were made during the period of time covered by this table.
- (3) This amount includes a \$20,000 annual fee for serving as the chairman of the audit committee, and a \$20,000 annual fee for serving as the international liaison.
- (4) This amount includes a \$10,000 annual fee for serving as the chairman of the compensation committee.

Non-employee directors each receive an annual fee of \$12,500. The chairperson of the audit committee receives an additional annual fee of \$20,000, the chairperson of the compensation committee receives an additional annual fee of \$10,000, and the international liaison receives an additional annual fee of \$20,000. Each non-employee director receives \$2,000 for each Board meeting he or she attends in person and \$500 for each Board meeting he or she participates in telephonically. Additionally, each non-employee director receives \$1,000 for each committee meeting he or she attends in person and \$500 for each committee meeting he or she participates in telephonically. Occasionally, board members serve on temporary committees for which they also receive meeting fees and annual fees.

Code of Conduct

The Board has approved and adopted a Code of Conduct that applies to all directors, officers and employees, including the Company's principal executive officer and the principal financial officer. The Code of Conduct is available in its entirety on the Company's website, www.texasroadhouse.com. The Company intends to post amendments to, or waivers from, its Code of Conduct, if any, that apply to the principal executive officer and the principal financial officer on its website.

Table of Contents**STOCK OWNERSHIP INFORMATION**

The following table sets forth as of February 14, 2014 certain information with respect to the beneficial ownership of the Company's common stock of (i) each executive officer named in the Summary Compensation Table (the "Named Executive Officers"), (ii) each director or nominee for director of the Company, (iii) all directors and current executive officers as a group, and (iv) each shareholder known by the Company to be the owner of 5% or more of the Company's common stock.

| Name | Common Stock(1) | |
|--|---------------------------|-------------|
| | Common Stock Ownership(2) | Percent |
| Directors, Nominees and Named Executive Officers: | | |
| W. Kent Taylor(3) | 6,101,879 | 8.7% |
| Scott M. Colosi | 50,498 | * |
| Steven L. Ortiz | 250,753 | * |
| G. Price Cooper, IV | 28,716 | * |
| Celia P. Catlett | 6,135 | * |
| Jill Marchant(4) | | * |
| Gregory N. Moore | 51,280 | * |
| James F. Parker | 58,060 | * |
| James R. Ramsey | 88,918 | * |
| Kathleen M. Widmer | 4,250 | * |
| James R. Zarley | 87,000 | * |
| Directors, Nominees and All Executive Officers as a Group (10 Persons) | 6,687,489 | 9.5% |
| Other 5% Beneficial Owners** | | |
| Capital Research Global Investors(5) 333 South Hope Street Los Angeles, California 90071 | 4,587,200 | 6.5% |
| Blackrock, Inc.(6) 40 East 52nd Street New York, New York 10022 | 5,220,742 | 7.5% |
| FMR LLC(7) 245 Summer Street Boston, Massachusetts 02210 | 7,190,329 | 10.3% |
| The Vanguard Group(8) 100 Vanguard Boulevard Malvern, Pennsylvania 19355 | 4,016,662 | 5.7% |
| Neuberger Berman Group LLC(9) 605 Third Avenue New York, New York 10158 | 3,586,600 | 5.1% |

* Represents beneficial ownership of less than 1.0% of the outstanding shares of class.

** This information is based on stock ownership reports on Schedule 13G filed by each of these shareholders with the SEC as of February 14, 2014.

(1) Based upon information furnished to the Company by the named persons and information contained in filings with the SEC. Under the rules of the SEC, a person is deemed to beneficially own shares over which the person has or shares voting or investment power or has the right to acquire beneficial ownership within 60 days, and such shares are deemed to be outstanding for the purpose of computing the percentage beneficially owned by such person or group. However, we do not consider shares of which beneficial ownership can be acquired within 60 days to be outstanding when we calculate the percentage ownership of any other person. "Common Stock Ownership"

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includes (a) stock held in joint tenancy, (b) stock owned as tenants in common, (c) stock owned or held by spouse or other members of the reporting person's household and (d) stock in which the reporting person either has or shares voting and/or investment power, even though the reporting person disclaims any beneficial interest in such stock.

(2)

The following table lists the shares to which each named person has the right to acquire beneficial ownership within 60 days of February 14, 2014 through the exercise of stock options or the vesting of restricted stock units granted pursuant to our long-term incentive plan; these shares are included in the totals above as described in footnote (1):

| Name | Shares which may be acquired within 60 days pursuant to stock awards |
|---|--|
| W. Kent Taylor | |
| Scott M. Colosi | |
| Steven L. Ortiz | |
| G. Price Cooper, IV | |
| Celia P. Catlett | 3,953 |
| Jill Marchant(i) | |
| Gregory N. Moore | 40,000 |
| James F. Parker | 40,000 |
| James R. Ramsey | |
| Kathleen M. Widmer | |
| James R. Zarley | |
| Directors, Nominees and All Executive Officers as a Group (10 Persons) | 122,903 |

(i)

Ms. Marchant relinquished her executive officer position effective as of the close of business on November 12, 2013, but remained employed under her Amended Employment Agreement until the close of business on January 7, 2014.

(3)

Mr. Taylor's address is c/o Texas Roadhouse, Inc., 6040 Dutchmans Lane, Louisville, Kentucky 40205.

(4)

Ms. Marchant relinquished her executive officer position effective as of the close of business on November 12, 2013, but remained employed under her Amended Employment Agreement until the close of business on January 7, 2014. The stock ownership information listed above is as of February 14, 2014, based on company stock records.

(5)

As reported on the Schedule 13G/A filed by Capital Research Group Investors with the SEC on February 13, 2014, it has sole voting and dispositive power with respect to these shares.

(6)

As reported on the Schedule 13G/A filed by Blackrock, Inc. with the SEC on January 30, 2014, it has sole voting power with respect to 5,037,042 shares and sole dispositive power with respect to 5,220,742 shares.

(7)

As reported on the Schedule 13G/A filed by FMR LLC with the SEC on February 14, 2014, it has sole dispositive power with respect to these shares and sole voting power with respect to 160,080 shares.

(8)

As reported on the Schedule 13G/A filed by The Vanguard Group with the SEC on February 12, 2014, it has sole voting power with respect to 86,271 shares, sole dispositive power with respect to 3,934,891 shares, and shared dispositive power with respect to 81,771 shares.

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- (9) As reported on the Schedule 13G filed by Neuberger Berman LLC with the SEC on February 12, 2014, it has shared voting power with respect to 3,579,600 shares and shared dispositive power with respect to 3,586,600 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of stock ownership and reports of changes in stock ownership and to provide the Company with copies of all such filed forms. Based solely on its review of such copies or written representations from reporting persons, the Company believes that all reports were filed on a timely basis during the fiscal year ended December 31, 2013, with the exception of the following: (1) a Form 3 for Celia P. Catlett, which should have been filed on or prior to November 22, 2013, but which was actually filed on November 26, 2013.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company's compensation committee reviews and establishes executive compensation in connection with each Named Executive Officer's employment agreement. We entered into employment agreements with W. Kent Taylor, Scott M. Colosi, Steven L. Ortiz, G. Price Cooper, IV, and Jill Marchant (former General Counsel), each a Named Executive Officer, on January 6, 2012 (collectively, the "Original Employment Agreements"), each of which was amended on November 30, 2012 (the "Amended Employment Agreements"). Each of Messrs. Taylor's, Colosi's, Ortiz's, and Cooper's Employment Agreement expires on January 7, 2015. On November 1, 2013, we entered into a Separation Agreement and General Release (the "Separation Agreement") with Ms. Marchant, whereby she agreed to relinquish her executive officer position effective as of the close of business on November 12, 2013, but remained employed under her employment agreement until the close of business on January 7, 2014. We entered into an employment agreement with our new General Counsel, Celia P. Catlett, also a Named Executive Officer, on January 15, 2014, which was effective as of close of business on November 12, 2013, and which expires on January 7, 2015 (the "2014 Employment Agreement"). As used herein, the Amended Employment Agreements and the 2014 Employment Agreement shall be referred to collectively as the "Current Employment Agreements" and individually as a "Current Employment Agreement;" the discussion of the Amended Employment Agreements is qualified by reference to the Separation Agreement, which is more fully described below under "Separation and Change in Control Arrangements."

Each officer's Current Employment Agreement establishes a base salary which is to remain constant throughout the term of the agreement, and an incentive bonus amount based on the achievement of defined goals to be established by the compensation committee. Each officer's Current Employment Agreement also provides for the grant of restricted stock units, which grant the officers the conditional right to receive shares of our common stock upon vesting. Each officer has agreed not to compete with us during the term of his or her employment and for a period of two years following his or her termination of employment, unless the officer's employment is terminated without cause following a change in control, in which case the officer has agreed not to compete with us through the date of the last payment of the officer's severance payments. The Current Employment Agreements contain a "clawback" provision that enables the Company to seek reimbursement to the Company of any compensation paid to any Named Executive Officer which is required to be recovered by any law, governmental regulation or order, or stock exchange listing requirement.

The compensation packages for our Named Executive Officers are somewhat unique in that they offer base salaries and target cash bonus amounts on the low end of market within the casual dining restaurant sector, and feature restricted stock unit awards in fixed amounts, the value of which is wholly dependent upon the price of our common stock. The underlying philosophy reflected by this approach is that, because a significant amount of each officer's compensation lies in the value of the restricted stock units granted, the officers are motivated to continually improve the Company's performance in the hope that the performance will be reflected by the stock price on the vesting date of their restricted stock units and beyond. Overall, we believe this approach provides the Named Executive Officers with a compensation package which would promote the sustained profitability of the Company and align the interests of our executive officers with those of our shareholders. The compensation packages also reflect a pragmatic response to external market conditions; that is, total compensation that is competitive with comparable positions in similar industries, including the casual dining sector of the restaurant industry, but which is reasonable and in the best interests of our shareholders.

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We believe that the overall design of the compensation packages, along with the culture and values of our Company, allows us to attract and retain top talent, while also keeping the Named Executive Officers focused on both long-term business development and short-term financial growth.

The compensation committee did not use a compensation consultant in determining the compensation packages under the Current Employment Agreements, and did not apply a set formula for allocating between cash and equity in developing the total compensation packages. Rather, the compensation committee applied the business judgment of the committee members to design compensation packages for the Named Executive Officers based on the specific philosophies described herein taking into account all surrounding facts and circumstances. In deciding to continue with our existing executive compensation practices, our compensation committee considered that the holders of over 83% of the votes cast at our 2013 Annual Meeting on an advisory basis approved the compensation of our named executive officers as disclosed in the proxy statement for that Annual Meeting. While the compensation committee consulted with each of the executive officers in advance of the final approval of the Current Employment Agreements, none of the executive officers, including Mr. Taylor, participated in the creation of the compensation packages contained therein.

Section 162(m) of the Internal Revenue Code imposes a \$1 million limit on the amount that a publicly-traded corporation may deduct for compensation paid to the Chief Executive Officer or one of the company's other three most highly compensated executives (other than the Chief Financial Officer) who is employed on the last day of the year. Non-discretionary "performance-based compensation," as defined under Internal Revenue Service rules and regulations, is excluded from this \$1 million limitation. Currently, the incentive bonuses paid to our Named Executive Officers are structured as non-discretionary "performance-based compensation," which allows certain amounts in excess of \$1 million to be tax deductible. However, the compensation committee has not in the past had, and does not currently have, a policy requiring all compensation to be deductible under Section 162(m). Rather, the compensation committee retains discretion in making cash and equity-based awards that are not deductible under Section 162(m). We seek to preserve the tax deductibility of executive compensation to the extent practicable and consistent with our overall compensation philosophies.

Elements of Compensation

Base Salary

Base salaries for our Named Executive Officers are designed to provide a secure base of compensation which will be effective in motivating and retaining key executives. Each officer's Current Employment Agreement establishes an annual salary as shown in the table below which is to remain constant throughout the term of the agreement. The actual amounts paid to each Named Executive Officer during the fiscal year 2013 are more fully described in "Executive Compensation."

| | Annual Salary (\$) |
|---|------------------------------|
| W. Kent Taylor Chairman, Chief Executive Officer | 525,000 |
| Scott M. Colosi President | 400,000 |
| Steven L. Ortiz Chief Operating Officer | 480,000 |
| G. Price Cooper, IV Chief Financial Officer | 250,000 |
| Celia P. Catlett General Counsel and Corporate Secretary | 200,000 |

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Incentive Bonus

Incentive bonuses are designed to reward our Named Executive Officers for the success of the Company, as measured by growth in the Company's earnings per diluted share ("EPS") and overall pre-tax profit, and for each officer's individual contribution to that success. It is our belief that a significant amount of each officer's compensation should be tied to the performance of the Company.

Pursuant to the terms of the Texas Roadhouse, Inc. Cash Bonus Plan (the "Cash Bonus Plan"), the compensation committee may award an annual cash incentive to the Named Executive Officers, which is the grant of a right to receive a payment of cash that is subject to targets and maximums, and that is contingent on achievement of performance objectives during the Company's fiscal year. These cash incentives are also subject to the terms and conditions of the Current Employment Agreements and, to the extent that the incentives are intended to constitute "performance-based compensation" for purposes of section 162(m) of the Internal Revenue Code, are treated as the award of a cash incentive award under our long term incentive plan.

Consistent with its approach prior to the adoption of the Cash Bonus Plan, the compensation committee established a two-pronged approach to tying the incentive compensation under the Cash Bonus Plan to Company performance. Under this approach, 50% of the target incentive bonus is awarded based on whether the Company achieves an annual EPS growth target of 10% (the "EPS Performance Goal"). The other 50% is based on a profit sharing pool comprised of 1.5% of the Company's pre-tax profits (income before taxes minus income attributable to non-controlling interests, as reported in our audited financial statements), which pool is distributed among our Named Executive Officers and certain other members of the Company's director-level management (the "Profit Sharing Pool") based on a pre-determined percentage interest in the pool and subject to certain pre-determined maximum amounts. After the end of the fiscal year, the compensation committee determines whether and to what extent the EPS Performance Goal has been met, and the portion of the Profit Sharing Pool to which each officer is entitled. Depending on the level of achievement of the EPS Performance Goal each year, 50% of the incentive bonus may be reduced to a minimum of \$0 or increased to a maximum of two times the target amount. Each one percent change from the EPS Performance Goal results in an increase or decrease of ten percent to the portion of the target bonus amount attributable to the achievement of the EPS Performance Goal. For example, if we achieve 11% EPS growth, the bonus payable would be 110% of the portion of the target bonus attributable to the achievement of the EPS Performance Goal. Conversely, if we achieve nine percent the bonus payable would be 90% of the portion of the target bonus attributable to the achievement of the EPS Performance Goal. The remaining 50% of the officers' incentive bonus will fluctuate directly with Company pre-tax profits at fixed participation percentages and maximum amounts which are determined within 60 days following the commencement of the Company's fiscal year and while the pre-tax profits are not yet determined. The annual profit sharing component allows the Named Executive Officers to participate in a profit sharing pool with other members of the Company's director-level management team. By allowing this level of participation in the Company's overall profits, the committee encourages responsible growth and aligns the interests of the officers with those of other management employees in the Company. This portion of the incentive bonus may be reduced to a minimum of \$0 if the Company ceases to be profitable or for other reasons that the compensation committee determines, and may be increased to a maximum of two times the target amount established for each individual participant. Both portions of the incentive bonus can be adjusted downward (but not upward) by the compensation committee in its discretion. Cash incentive bonuses with respect to fiscal year 2013 were paid at 120.8% of the total target amount, based on actual EPS growth of 13.2% and pre-tax profits of \$114,562,715 during fiscal year 2013.

The actual amounts earned by each Named Executive Officer for fiscal year 2013 are more fully described in "Executive Compensation." However, pursuant to the terms of the Amended Employment Agreements, the compensation committee elected to pay bonuses applicable to fiscal year 2013 on an

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annual basis in order to qualify the incentive compensation for certain Named Executive Officers as tax-deductible compensation under Section 162(m) of the Internal Revenue Code. The actual cash incentives that were paid to each Named Executive Officer for fiscal year 2013 based on achievement of the performance goals assigned for 2013 under the Cash Bonus Plan were not evaluated for payment until the first quarter of 2014, so the officers did not realize the amounts reported in the "Summary Compensation Table" during fiscal year 2013.

Executive Incentive Compensation for the Fiscal Year 2013

| Name | Target Bonus \$ | Minimum Bonus \$ | Maximum Bonus \$ |
|---------------------|--------------------|---------------------|---------------------|
| W. Kent Taylor | 525,000 | | 1,050,000 |
| Scott M. Colosi | 300,000 | | 600,000 |
| Steven L. Ortiz | 480,000 | | 960,000 |
| G. Price Cooper, IV | 150,000 | | 300,000 |
| Celia P. Catlett(1) | | | |
| Jill Marchant(2) | 100,000 | | 200,000 |

(1) Pursuant to the terms of the 2014 Employment Agreement, Ms. Catlett was not eligible to receive an incentive bonus as a Named Executive Officer until the commencement of the 2014 fiscal year, which began on January 1, 2014.

(2) Ms. Marchant ceased to be a Named Executive Officer on November 12, 2013. Pursuant to the terms of her Separation Agreement, she remained employed under her Amended Employment Agreement until January 7, 2014, and was eligible to receive her cash incentive bonus for fiscal year 2013.

Stock Awards

Prior to fiscal year 2008, we made equity awards in the form of stock options, some of which remain outstanding as noted in the Outstanding Equity Awards table below. Currently, we make equity awards in the form of restricted stock units, which represent the conditional right to receive one share of our common stock upon satisfaction of the vesting requirements. Restricted stock units offer the Named Executive Officers a financial interest in the Company and serve to retain the Named Executive Officers as they vest over a period of time.

We believe that issuing restricted stock unit awards to our Named Executive Officers in fixed amounts, as opposed to making equity awards whose ultimate value is determined by achievement of isolated performance criteria, aligns their interests with those of our shareholders. We also believe that the market price of our publicly traded common stock represents the most appropriate metric for determining the value of the equity portion of our Named Executive Officers' compensation packages. The overall compensation packages for our Named Executive Officers are somewhat unique in that they offer base salaries and target cash bonus amounts on the low end of market within the casual dining restaurant sector, and feature restricted stock unit awards in fixed amounts, the value of which is wholly dependent upon the price of our common stock. The underlying philosophy reflected by this approach is that, because a significant amount of each officer's compensation lies in the value of the restricted stock units granted, the officers are motivated to continually improve the Company's performance in the hope that the performance will be reflected by the stock price on the vesting date of their restricted stock units and beyond. Because the restricted stock unit awards for our Named Executive Officers vest incrementally over a period of time, and their value varies in response to investor sentiment regarding overall Company performance at the time of vesting, we believe that these awards are inherently performance based.

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The number of restricted stock units granted to each officer reflects each officer's job responsibilities and individual contribution to the success of the Company.

The number of restricted stock units granted under the Current Employment Agreements, and with respect to Ms. Marchant, the Amended Employment Agreement, are shown in the table below. Except as noted, the grants vest in one-third increments each January 7 over a three-year period beginning on January 7, 2013 and ending on January 7, 2015.

| | Restricted Stock Units vesting on January 7, 2013 pursuant to Employment Agreements | Restricted Stock Units vesting on January 7, 2014 pursuant to Employment Agreements | Restricted Stock Units vesting on January 7, 2015 pursuant to Employment Agreements | Total Restricted Stock Units granted pursuant to Employment Agreements |
|---------------------|--|--|--|---|
| W. Kent Taylor | 70,000 | 70,000 | 70,000 | 210,000 |
| Scott M. Colosi | 50,000 | 50,000 | 50,000 | 150,000 |
| Steven L. Ortiz | 60,000 | 60,000 | 60,000 | 180,000 |
| G. Price Cooper, IV | 25,000 | 25,000 | 25,000 | 75,000 |
| Celia P. Catlett | | | 8,500 | 8,500 |
| Jill Marchant | 15,000 | 34,250(1) | | 49,250 |

(1)

Pursuant to the terms of Ms. Marchant's Separation Agreement, she remained employed under her Amended Employment Agreement until January 7, 2014, the date on which 15,000 restricted stock units vested in accordance with the Amended Employment Agreement. Also pursuant to the terms of the Separation Agreement, Ms. Marchant received accelerated vesting on January 7, 2014 of the 15,000 restricted stock units scheduled to vest on January 7, 2015 in accordance with the Amended Employment Agreement, and the 4,250 restricted stock units scheduled to vest in August 2014 which were granted pursuant to her prior employment agreement as Special Counsel to the Company.

Separation and Change in Control Arrangements

Except in the event of a change in control, the Current Employment Agreements with Messrs. Taylor and Ortiz provide that no severance will be paid to either of them upon termination of employment, but each is entitled to receive a gift of a crisp \$100 bill if his employment is terminated by the Company without cause before the end of the term. Except in the event of a change in control, the Current Employment Agreements with Mr. Colosi, Mr. Cooper and Ms. Catlett provide that if the Company terminates their employment without cause before the end of the term, the Company will pay a severance payment equal to any bonus for a year already ended (even if not yet paid at termination), plus the officer's base salary for a period of 180 days, and payment of a fixed sum (\$150,000 for Mr. Colosi, \$75,000 for Mr. Cooper, and \$37,500 for Ms. Catlett). Ms. Marchant's Amended Employment Agreement had such a provision, with a provision for a fixed sum payment of \$50,000. Similar payments are due to the officers if employment is terminated by reason of death or disability before the end of the term. The Company provides these severance payments to allow for a period of transition and in exchange for a full release of claims against the Company. The salary component of the severance payments is subject to deductions and withholdings and is to be paid to the officers in periodic installments in accordance with our normal payroll practices. The fixed sum is paid in a single lump sum, and any bonus component of the severance payments for a performance period that ended before termination is to be paid on the same date as the payment would have been made had his or her employment not been terminated.

The Current Employment Agreements also provide that if the officer's employment is terminated other than for cause following a change in control, or if the officer resigns for good reason following a

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change in control because he or she is required to relocate, the Company's successor does not agree to be bound by the agreement, or the officer's responsibilities, pay or total benefits are reduced, such officer will receive severance payments in an amount equal to the officer's base salary and incentive bonus for a period which is the longer of the remainder of the term of the agreement or one year. In addition, the officer's unvested stock options or other stock awards, if any, will become vested as of the date of termination. The payments and acceleration of vesting of the stock options or other stock awards are contingent upon the officer signing a full release of claims against the Company. The salary component of the severance payments is subject to deductions and withholdings and is to be paid to the officers in periodic installments in accordance with our normal payroll practices or in a lump sum at the discretion of the compensation committee and in compliance with Section 409A of the Internal Revenue Code. The bonus component of the severance payments to the officers is to be paid on the same date as the payment would have been made had his or her employment not been terminated.

According to the terms of the Current Employment Agreements, a change in control means that one of the following events has taken place: (1) the shareholders of the Company approve (a) a merger or statutory plan of exchange involving the Company ("*Merger*") in which the Company is not the continuing or surviving corporation or pursuant to which the Common Stock, \$0.001 par value ("*Common Stock*") would be converted into cash, securities or other property, other than a Merger involving the Company in which the holders of Common Stock immediately prior to the Merger have substantially the same proportionate ownership of common stock of the surviving corporation after the Merger, or (b) a sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company or the adoption of any plan or proposal for the liquidation or dissolution; (2) during any period of 12 months or less, individuals who at the beginning of such period constituted a majority of the Board of Directors cease for any reason to constitute a majority thereof unless the nomination or election of such new directors was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period; (3) a tender or exchange offer (other than one made by (a) the Company, or (b) W. Kent Taylor or any corporation, limited liability company, partnership, or other entity in which W. Kent Taylor owns a direct or indirect ownership of 50% or more, or controls 50% or more of the voting power [collectively, the "*Taylor Parties*") is made for the Common Stock (or securities convertible into Common Stock) and such offer results in a portion of those securities being purchased and the offeror after the consummation of the offer is the beneficial owner (as determined pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended [the "*Exchange Act*"]), directly or indirectly, of securities representing in excess of the greater of at least 20 percent of the voting power of outstanding securities of the Company or the percentage of the voting power of the outstanding securities of the Company collectively held by all of the Taylor Parties; or (4) any person other than a Taylor Party becomes the beneficial owner of securities representing in excess of the greater of 20 percent of the aggregate voting power of the outstanding securities of the Company as disclosed in a report on Schedule 13D of the Exchange Act or the percentage of the voting power of the outstanding securities of the Company collectively held by all of the Taylor Parties. Notwithstanding anything in the foregoing to the contrary, no change of control shall be deemed to have occurred for purposes of an individual Current Employment Agreement by virtue of any transaction which results in the affected Named Executive Officer, or a group of persons which includes the affected Named Executive Officer, acquiring, directly or indirectly, securities representing 20 percent or more of the voting power of outstanding securities of the Company.

The estimated amounts that would be payable to a Named Executive Officer under these arrangements are more fully described in "Termination, Change of Control and Change of Responsibility Payments."

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On November 1, 2013, the Company and Jill Marchant, General Counsel of the Company, announced that she would no longer serve as General Counsel effective November 12, 2013. Ms. Marchant had been employed by the Company as General Counsel since November 2011.

Also on November 1, 2013, the Company entered into the Separation Agreement with Ms. Marchant. Under the Separation Agreement, Ms. Marchant remained an employee of the Company through January 7, 2014 (the "Separation Date"). The Company paid Ms. Marchant her regular salary, benefits and bonus through the Separation Date. In addition, the Company agreed to pay Ms. Marchant an aggregate sum of \$344,053.85, less applicable withholdings, in four equal installment payments beginning on January 15, 2014. This amount is equal to one year base salary, together with base bonus and other benefits. On the Separation Date, the Company paid Ms. Marchant \$17,346.47, less applicable withholdings, which reflects the cost of COBRA benefits premium coverage for one year following the Separation Date. The Company also accelerated the vesting of 19,250 restricted stock units upon the Separation Date. The Company also paid \$8,000 for outplacement assistance and attorney fees. Under the terms of the Separation Agreement, Ms. Marchant agreed to two-year non-competition and non-solicitation provisions and provided the Company with a general release of all claims. Moreover, Ms. Marchant agreed make herself reasonably available to the Company relating to her prior service to the Company, including assisting the Company in connection with any pending or threatened litigation or other legal proceedings with respect to which the Company reasonably determines her participation is necessary. In entering into the Separation Agreement, the Compensation Committee considered the benefits of a smooth transition in the legal department and the terms and conditions of the non-competition provisions.

Compensation Committee Report

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the compensation committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

All members of the compensation committee concur in this report.

James F. Parker, Chair
Gregory N. Moore
James R. Ramsey
Kathleen M. Widmer
James R. Zarley

Table of Contents**Summary Compensation Table**

The following table sets forth the total compensation earned with respect to the fiscal years 2013, 2012, and 2011 for W. Kent Taylor, our Chairman and Chief Executive Officer, and G. Price Cooper, IV, our Chief Financial Officer. It also includes such information for each of our three other most highly compensated executive officers during 2013, 2012, and 2011, as applicable.

| Name and Principal Position (a) | Year (b) | Salary (c) (\$) | Bonus (d) (\$)(1) | Grant Date Fair Value of Stock Awards (e) (\$)(2)(3) | Non-equity Incentive Plan Compensation (f) (\$) | All Other Compensation (g) (\$) | Total (h) (\$)(3) |
|---|---------------------------|--|--|---|--|--|--|
| W. Kent Taylor Chairman, Chief Executive Officer | 2013 | 525,000 | | | 634,482 | 9,584 | 1,169,066 |
| | 2012 | 525,000 | | 3,200,400(i) | 597,960 | 9,000 | 4,332,360 |
| | 2011 | 300,000 | | | 214,000 | 9,000 | 523,000 |
| G. Price Cooper, IV(4) Chief Financial Officer | 2013 | 250,000 | 200 | | 181,281 | 9,584 | 441,065 |
| | 2012 | 250,000 | 200 | 1,143,000(i) | 174,224 | 9,000 | 1,576,424 |
| | 2011 | 217,961 | 200 | | 157,500 | 9,000 | 384,661 |
| Scott M. Colosi President | 2013 | 400,000 | 200 | | 362,561 | 9,584 | 772,345 |
| | 2012 | 400,000 | 200 | 2,286,000(i) | 348,449 | 9,000 | 3,043,649 |
| | 2011 | 334,615 | 200 | 723,339(ii) | 287,048 | 9,000 | 1,354,202 |
| Steven L. Ortiz Chief Operating Officer | 2013 | 480,000 | 200 | | 580,097 | 9,584 | 1,069,881 |
| | 2012 | 480,000 | 200 | 2,743,200(i) | 554,607 | 9,000 | 3,787,007 |
| | 2011 | 460,000 | 200 | 1,012,661(ii) | 428,000 | 9,000 | 1,909,861 |
| Celia P. Catlett(5) General Counsel and Corporate Secretary | 2013 | 155,857 | 200 | 64,501(iii) | 63,398 | 9,584 | 293,540 |
| Jill Marchant former General Counsel | 2013(6) | 225,000 | 125 | | 120,854 | 9,584 | 355,563 |
| | 2012 | 225,000 | 100 | 738,245(iv) | 116,150 | 18,797(7) | 1,098,292 |
| | 2011(8) | 79,615 | 50,000(9) | 16,256(v) | 50,000 | 12,328 | 208,199 |

(1) Except as discussed in footnote (8) below, this column represents holiday bonus awards paid to the Named Executive Officers for the fiscal years ended December 31, 2013, December 25, 2012, and December 27, 2011.

(2) Column (e) reflects the grant date fair value of the awards pursuant to the Company's long term incentive plan in accordance with ASC 718. For restricted stock units, fair value is equal to the closing price of the company's common stock on the trading day immediately preceding the date of the grant, which is set forth below:

(i) \$15.24

(ii) \$17.36

(iii) \$19.04 with respect to the 624 restricted stock units granted on February 27, 2013; \$23.70 with respect to the 675 restricted stock units granted on May 4, 2013; \$25.42 with respect to the 691 restricted stock units granted on August 3, 2013; and \$27.78 with respect to the 686 restricted stock units granted on November 7, 2013.

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- (iv) \$15.24 with respect to the 45,000 restricted stock units granted pursuant to Ms. Marchant's Original Employment Agreement; \$16.82 with respect to the 3,118 restricted stock units granted on February 27, 2012, pursuant to the terms of Ms. Marchant's prior employment agreement.
- (v) \$14.36

The Company cautions that the amounts reported in the Summary Compensation Table for these awards may not represent the amounts that the Named Executive Officers will actually realize from the awards. Whether, and to what extent, a Named Executive Officer realizes value will depend on the Company's actual operating performance, stock price fluctuations and the Named Executive Officer's continued service with the Company. Additional information on all outstanding stock and option awards is reflected in the "Grants of Plan-Based Awards Table" and the "Outstanding Equity Awards at Fiscal Year End Table."

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- (3) The 2012 amounts include the full grant date fair value of the restricted stock units granted to the Named Executive Officers in their respective Amended Employment Agreements; however, the grants vest in one-third increments each January 7 over a three-year period beginning on January 7, 2013 and ending on January 7, 2015, subject to continued service to the Company. As a result the officers did not realize the total amounts reported in columns (e) and (g) in fiscal year 2012.
- With respect to Ms. Catlett, the grants made during 2013 were not made pursuant to her 2014 Employment Agreement. They were made as part of her compensation arrangement in her role as Associate General Counsel and Corporate Secretary, for which she did not have an employment agreement. Each grant vests one year from the date of issuance, subject to Ms. Catlett's continued service to the Company. As a result, she did not realize the amounts reported in columns (e) and (g) in fiscal year 2013.
- (4) Mr. Cooper assumed the position of Chief Financial Officer on August 17, 2011. Prior to that date, he was employed as Vice President of Finance.
- (5) Ms. Catlett assumed the position of General Counsel at the close of business on November 12, 2013. Prior to that date, she was employed as Corporate Secretary, a position she held since December 1, 2011, and as an attorney for the Company, a position she has held since 2005.
- (6) Ms. Marchant relinquished her executive officer position effective as of the close of business on November 12, 2013, but continued to be employed by the Company through January 7, 2014.
- (7) This amount consists of a \$7,800 auto allowance and \$10,997 in relocation assistance.
- (8) Ms. Marchant assumed the position of General Counsel on December 1, 2011. Prior to that date, she was employed as Special Counsel, a position she held since August 15, 2011.
- (9) This amount represents a \$50,000 one-time relocation bonus.

Grants of Plan-Based Awards in Fiscal Year 2013

The following table presents information with respect to grants of stock awards to the Named Executive Officers during fiscal year 2013.

Grants of Plan-Based Awards Table

| Name (a) | Grant Date (b) | All Other Stock Awards: Number of Shares of Stock or Units (#)(1) (c) | Grant Date Fair Value of Stock and Option Awards \$(2) (d) |
|---------------------|-------------------|---|--|
| W. Kent Taylor | | | |
| Scott M. Colosi | | | |
| Steven L. Ortiz | | | |
| G. Price Cooper, IV | | | |
| Celia Catlett(3) | February 27, 2013 | 624 | 11,881(i) |
| | May 4, 2013 | 675 | 15,998(ii) |
| | August 3, 2013 | 691 | 17,565(iii) |
| | November 7, 2013 | 686 | 19,057(iv) |
| Jill Marchant | | | |

(1)

Each stock award listed in column (c) consists of restricted stock units, where each unit represents the conditional right to receive one share of our common stock upon

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satisfaction of vesting requirements. See the "Compensation Discussion and Analysis" for the conditions of accelerated vesting upon termination of employment other than for cause.

(2)

Column (d) reflects the grant date fair value of the awards pursuant to the Company's long term incentive plan in accordance with ASC 718. For restricted stock units, fair value is equal to the closing price of the company's common stock on the trading day immediately preceding the date of the grant, which was the following:

(i)

\$19.04 with respect to the 624 restricted stock units granted on February 27, 2013.

(ii)

\$23.70 with respect to the 675 restricted stock units granted on May 4, 2013.

(iii)

\$25.42 with respect to the 691 restricted stock units granted on August 3, 2013.

(iv)

\$27.78 with respect to the 686 restricted stock units granted on November 7, 2013.

The Company cautions that the amounts reported in the Grants of Plan-Based Awards Table for these awards may not represent the amounts that the Ms. Catlett will actually realize from the awards. Whether, and to what extent, Ms. Catlett realizes value will depend on the Company's actual operating performance, stock price fluctuations and her continued employment. The Company also notes that each of these grants vests one year from the grant date. As a result Ms. Catlett did not realize the amounts reported in columns (c) and (d) in fiscal year 2013.

(3)

The grants made to Ms. Catlett during 2013 were not made pursuant to her 2014 Employment Agreement. They were made as part of her compensation arrangement in her role as Associate General Counsel and Corporate Secretary, for which she did not have an employment agreement. Each grant vests one year from the date of issuance, subject to Ms. Catlett's continued service to the Company. As a result, she did not realize the amounts reported in column (d) in fiscal year 2013.

Table of Contents**Outstanding Equity Awards**

The following table presents information with respect to outstanding stock option and stock awards as of December 31, 2013 by the Named Executive Officers.

Outstanding Equity Awards at Fiscal Year End Table

| Name | Option Awards | | | | Stock Awards | |
|---------------------|---|---|----------------------------|------------------------|--|---|
| | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(3) |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| W. Kent Taylor | | | NA | NA | 140,000(i) | 3,892,000 |
| Scott M. Colosi | | | NA | NA | 100,000(ii) | 2,780,000 |
| Steven L. Ortiz | | | NA | NA | 120,000(iii) | 3,336,000 |
| G. Price Cooper, IV | | | NA | NA | 50,000(iv) | 1,390,000 |
| Celia P. Catlett(4) | 450 | | 18.66 | 08/12/2015(1) | 12,700(v) | 353,060 |
| | 450 | | 15.23 | 11/11/2015(1) | | |
| | 359 | | 15.57 | 02/27/2016(1) | | |
| | 450 | | 14.80 | 05/05/2016(1) | | |
| | 437 | | 14.66 | 11/03/2016(1) | | |
| | 757 | | 15.74 | 02/26/2017(1) | | |
| Jill Marchant(5) | | | NA | NA | 34,250(vi) | 952,150 |

(1) The option vesting date was 05/23/2008.

See the "Compensation Discussion and Analysis" for the conditions of accelerated vesting upon termination of employment other than for cause.

(2) The vesting schedule is as follows:

(i) 70,000 shares on January 7, 2014; and 70,000 shares on January 7, 2015.

(ii) 50,000 shares on January 7, 2014; and 50,000 shares on January 7, 2015.

(iii) 60,000 shares on January 7, 2014; and 60,000 shares on January 7, 2015.

(iv) 25,000 shares on January 7, 2014; and 25,000 shares on January 7, 2015.

(v) 1,050 shares on February 25, 2014; 1,050 shares on May 3, 2014; 1,050 shares on August 2, 2014; 1,050 shares on November 1, 2014; and 8,500 shares on January 7, 2015.

(vi) All shares on January 7, 2014, pursuant to the terms of Ms. Marchant's Separation Agreement and General Release.

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See the Compensation Discussion and Analysis for the conditions of accelerated vesting upon termination of employment other than for cause.

- (3) Market value was computed using the Company's closing stock price on December 31, 2013 of \$27.80 per share, which the date the Company's fiscal year ended.
- (4) Ms. Catlett became an executive officer at the close of business on November 12, 2013.
- (5) Ms. Marchant relinquished her executive officer position effective as of the close of business on November 12, 2013.

Table of Contents**Options Exercised and Stock Vested**

The following table presents information with respect to stock options exercised and stock awards vested during the fiscal year ended December 31, 2013 by the Named Executive Officers.

Option Exercises and Stock Vested Table

| Name (a) | Option Awards | | Stock Awards | |
|---------------------|--|---|---|--|
| | Number of Shares Acquired on Exercise (#) (b) | Value Realized on Exercise (\$)(1) (c) | Number of Shares Acquired on Vesting (#) (d) | Value Realized on Vesting (\$)(2) (e) |
| W. Kent Taylor | | NA | 70,000 | 1,260,000(i) |
| Scott M. Colosi | | NA | 91,667 | 1,650,006(i) |
| Steven L. Ortiz | 77,896 | 788,697 | 118,333 | 2,129,994(i) |
| G. Price Cooper, IV | | NA | 25,000 | 450,000(i) |
| Celia P. Catlett(3) | | NA | 2,676 | 64,501(ii) |
| Jill Marchant(4) | | NA | 15,000 | 270,000(i) |

- (1) The value realized upon exercise of options represents the difference between the market value of the underlying securities at exercise and the exercise price of the options.
- (2) The value realized upon vesting of restricted stock units represents the fair value of the underlying shares based on the closing price of the Company's common stock on the trading day immediately preceding the vesting date, which is in accordance with the following:
- (i) \$18.00 with respect to the vesting date of January 7, 2013.
- (ii) \$19.04 with respect to the vesting date of February 27, 2013; \$23.70 with respect to the vesting date of May 4, 2013; \$25.42 with respect to the vesting date of August 3, 2013; and \$27.78 with respect to the vesting date of November 7, 2013.
- (3) Ms. Catlett became an executive officer at the close of business on November 12, 2013.
- (4) Ms. Marchant relinquished her executive officer position effective as of the close of business on November 12, 2013.

Termination, Change of Control and Change of Responsibility Payments

If a Named Executive Officer resigns or is terminated for cause prior to the expiration of the term of his or her Current Employment Agreement, the officer shall receive payment of his or her annual base salary then in effect through the date of resignation or termination.

If a Named Executive Officer is terminated prior to the expiration of the term of his or her Current Employment Agreement as a result of death or disability, such officer's beneficiary or estate shall be entitled to receive an amount equal to such officer's annual base salary then in effect through the date of termination due to death or disability, plus any earned but unpaid bonus, plus the amount of such officer's annual base salary then in effect for 180 days following the termination, plus a fixed bonus amount as follows: for Mr. Taylor, \$262,500; for Mr. Colosi, \$150,000; for Mr. Ortiz, \$240,000; for Mr. Cooper, \$75,000; and for Ms. Catlett, \$37,500.

The following table lists the estimated amounts payable to a Named Executive Officer pursuant to the Current Employment Agreements if his or her employment had been terminated without cause unrelated to a change of control on December 31, 2013, the last day of our fiscal year,

provided that each officer signed a full release of all claims against us.

Table of Contents**Termination Payments Table**

| Name (a) | Estimated | Estimated Value of | Total (\$) (d) |
|---------------------|-----------------------|--|-------------------|
| | Payments \$(1) (b) | Newly Vested Stock Awards \$(2) (c) | |
| W. Kent Taylor | 100 | 3,892,000 | 3,892,100 |
| Scott M. Colosi | 347,260 | 2,780,000 | 3,127,260 |
| Steven L. Ortiz | 100 | 3,336,000 | 3,336,100 |
| G. Price Cooper, IV | 198,288 | 1,390,000 | 1,588,288 |
| Celia P. Catlett | | | |

- (1) Messrs. Taylor and Ortiz were each entitled to a crisp \$100 bill upon the termination of their employment without cause. If the employment of Mr. Colosi had been terminated under those circumstances, he would have received the proportionate share of his annual base salary then in effect (\$400,000) for 180 days, plus \$150,000. If the employment of Mr. Cooper had been terminated under those circumstances, he would have received the proportionate share of his annual base salary then in effect (\$250,000) for 180 days, plus \$75,000. The Company had not entered into an employment agreement with Ms. Catlett as of December 31, 2013.
- (2) Each officer's restricted stock units would have become immediately vested upon a termination of his or her employment without cause. The amounts shown in this column represent the value of the restricted stock units at the closing price of our common stock on December 31, 2013, which was \$27.80. The number of restricted stock units which would have vested on that date is shown in "Outstanding Equity Awards." None of the Named Executive Officers had unvested stock options as of December 31, 2013. The Company had not entered into an employment agreement with Ms. Catlett as of December 31, 2013, so her unvested restricted stock units would not have been subject to vesting upon a change in control.

The following table lists the estimated amounts payable to a Named Executive Officer if his or her employment had been terminated without cause following a change of control, or if any of the officers had resigned his or her position for good reason following a change of control, on December 31, 2013, the last day of our fiscal year, provided that each officer signed a full release of all claims against us.

Change in Control, Change in Responsibilities Payments Table

| Name (a) | Estimated | Estimated Value of | Total (\$) (d) |
|---------------------|-----------------------|---------------------------|-------------------|
| | Payments \$(1) (b) | Stock Awards \$(2) (c) | |
| W. Kent Taylor | 1,585,096 | 3,892,000 | 5,477,096 |
| Scott M. Colosi | 1,107,692 | 2,780,000 | 3,887,692 |
| Steven L. Ortiz | 1,449,231 | 3,336,100 | 4,785,331 |
| G. Price Cooper, IV | 654,808 | 1,261,500 | 2,044,808 |
| Celia P. Catlett | | | |

- (1) With the exception of Ms. Catlett, who had not entered into an employment agreement as of December 31, 2013, if the employment of any of the officers had been terminated without cause following a change of control, or if any of the officers had resigned his or her position for good reason following a change of control, the officer would have received the amount of his or her then current base salary and incentive bonus through

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the end of the term of the officer's employment agreement, but not less than one year. Had an officer's employment been so terminated on December 31, 2013, each officer, with the exception of Ms. Catlett, would have received payment through January 7, 2015.

The table below details the estimated payment for each officer.

| Name (a) | Salary (\$) (b) | Bonus (\$) (c) | Total Estimated Payments (\$) (d) |
|---------------------|--------------------|-------------------|--|
| W. Kent Taylor | 1,060,096 | 525,000 | 1,585,096 |
| Scott M. Colosi | 807,692 | 300,000 | 1,107,692 |
| Steven L. Ortiz | 969,231 | 480,000 | 1,449,231 |
| G. Price Cooper, IV | 504,808 | 150,000 | 654,808 |
| Celia P. Catlett | | | |

(2)

With the exception of Ms. Catlett, each officer's restricted stock units would have become immediately exercisable upon a termination of his or her employment without cause following a change of control, or if any of the officers had resigned his or her position for good reason following a change of control. The amounts shown in this column represent the value of the restricted stock units at the closing price of our common stock on December 31, 2013, which was \$27.80. The number of restricted stock units which would have vested on that date are shown in "Outstanding Equity Awards." None of the Named Executive Officers had unvested stock options as of December 31, 2013.

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AUDIT COMMITTEE REPORT

The audit committee of the Board is composed of three directors, all of whom meet the criteria for independence under the applicable NASDAQ and SEC rules and the Sarbanes-Oxley Act. The committee acts under a written charter adopted by the Board, a copy of which is available on the Company's website at www.texasroadhouse.com.

The audit committee has prepared the following report on its activities and with respect to the Company's audited financial statements for the fiscal year ended December 31, 2013 (the "Audited Financial Statements").

The audit committee met 15 times during fiscal year 2013. The committee's meetings included private sessions with the Company's independent auditors and internal auditor, as well as executive sessions consisting of only committee members. The committee also met periodically in private sessions with management, including the Company's Chief Financial Officer and the Company's General Counsel;

The audit committee reviewed the certification process for the Company's Code of Conduct, and the corresponding results.

The audit committee reviewed the scope, plans and results of the testing performed by the Company's internal auditors and independent auditors in their assessments of internal control over financial reporting;

The audit committee reviewed the matters submitted to it via the Company's whistleblower hotline regarding concerns about allegedly questionable financial, accounting or auditing matters;

The audit committee reviewed with management, including the internal auditor and the General Counsel, and the independent auditors, the Company's practices with respect to risk assessment and risk management. The overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs were also reviewed;

The audit committee reviewed with the General Counsel the Company's disclosures with respect to current lawsuits;

The audit committee reviewed any comment letters received from the Securities and Exchange Commission, together with management's response to such letters;

The audit committee pre-approved all audit, audit-related and permissible non-audit services provided to the Company by KPMG LLP, the Company's independent auditors for the fiscal year 2013, before management engaged the auditors for those purposes.

On a quarterly basis, the audit committee discussed with KPMG LLP, the Company's independent auditors for the fiscal year 2013, the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 16, Communications with Audit Committees;

The audit committee received from the independent auditors the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence, and has discussed with the independent auditor the independent auditor's independence;

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The audit committee reviewed the selection, application and disclosure of critical accounting policies;

The audit committee reviewed the Company's earnings press releases prior to issuance;

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The audit committee reviewed and discussed the Company's audited financial statements for the fiscal year 2013 with management and the independent auditor;

The audit committee reviewed the Company's Quarterly and Annual Reports on Form 10-Q and Form 10-K prior to filing with the SEC; and

Based on the review and discussion referred to above, and in reliance thereon, the audit committee recommended to the Board that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the SEC.

All members of the audit committee concur in this report.

Gregory N. Moore, Chair
James F. Parker
James R. Ramsey

Related Transactions

The audit committee's charter provides that the audit committee will review and approve any transactions between us and any of our executive officers, directors and 5% shareholders, or any members of their immediate families, in which the amount involved exceeds the threshold limits established by the regulations of the SEC. In reviewing a related-party transaction, the audit committee considers the material terms of the transaction, including whether the terms are generally available to an unaffiliated third party under similar circumstances. Unless specifically noted, the transactions described below were entered into before our initial public offering and the subsequent formation of the audit committee.

Grants of Franchise or License Rights

We have licensed or franchised restaurants to companies owned in part by the executive officers listed below. The licensing or franchise fees paid by these companies to us range from 0.0% to 3.5% of restaurant sales, which is less than the amount we typically charge to franchisees. We believe that allowing certain executive officers with ownership interests in our restaurants that pre-dated our initial

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public offering to continue to maintain those ownership interests adds an ongoing benefit to the Company by making the executive officers more invested in the overall success of the brand.

| Restaurant | Name and Ownership | Initial Franchise Fee | Royalty Rate | Royalties Paid to Us in Fiscal 2013 (\$ in thousands) | Management or Supervision Fees Paid to Us in Fiscal 2013 (\$ in thousands) |
|------------------|--------------------------|-----------------------|--------------|---|--|
| Billings, MT | W. Kent Taylor (55.0%) | | 3.5% | 160,277 | 22,897 |
| | Scott M. Colosi (2.0%) | | | | |
| Bossier City, LA | Steven L. Ortiz (66.0%) | | 3.5% | 145,826 | 20,832 |
| | Steven L. Ortiz (30.61%) | | | | |
| Brownsville, TX | W. Kent Taylor (59.0%) | | 3.5% | 194,447 | 27,778 |
| Everett, MA | Scott M. Colosi (5.05%) | | 3.5% | 209,309 | 29,901 |
| Fargo, ND | W. Kent Taylor (10.0%) | | 2.0% | 92,874 | |
| Longmont, CO | Steven L. Ortiz (47.5%) | | 3.5% | 111,656 | 15,951 |
| | Steven L. Ortiz (30.0%) | | 3.5% | | |
| McKinney, TX | Scott M. Colosi (2.0%) | | | 150,601 | 21,514 |
| | W. Kent Taylor (34.0%) | | | | |
| Melbourne, FL | W. Kent Taylor (11.48%) | | | 37,500 | 101,172 |
| Muncie, IN | Steven L. Ortiz (30.0%) | | 3.5% | 101,305 | 14,472 |
| New Berlin, WI | Scott M. Colosi (2.0%) | | | 146,778 | 20,968 |
| | Scott M. Colosi (10.99%) | | 3.5% | | |
| Omaha, NE | W. Kent Taylor (30.0%) | | 3.5% | 160,633 | 22,948 |
| | Steven L. Ortiz (30.5%) | | | | |
| Port Arthur, TX | Scott M. Colosi (3.0%) | | | 133,616 | 19,088 |
| | Steven L. Ortiz (78.0%) | | 3.5% | | |
| Temple, TX | W. Kent Taylor (48.1%) | | 3.5% | 239,420 | 34,203 |
| | Scott M. Colosi (4.0%) | | | | |

On March 19, 2004, we entered into a preliminary franchise agreement with a company which is 95% owned by W. Kent Taylor to develop a restaurant at a location which is to be determined. The terms of the preliminary franchise agreement provide for no initial franchise fees and royalties of 3.5% of restaurant sales. During 2013, we received no payment from this franchise restaurant, as none was due. The executive officers will not be granted any additional franchise rights.

The franchise agreements and preliminary franchise agreements that we have entered into with our executive officers contain the same terms and conditions as those agreements that we enter into with our other domestic franchisees, with the exception of the initial franchise fees

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and the royalty rates, which are currently \$40,000 and 4.0%, respectively, for our other domestic franchisees. We have the contractual right, but not the obligation, to acquire the restaurants owned by our executive officers based on a pre-determined valuation formula which is the same as the formula contained in the domestic franchise agreements that we have entered into with other franchisees with whom we have such rights. A preliminary agreement for a franchise may be terminated if the franchisee does not identify and obtain our approval of its restaurant management personnel, locate and obtain our approval of a suitable site for the restaurant or does not demonstrate to us that it has secured necessary capital and financing to develop the restaurant. Once a franchise agreement has been entered into, it may be terminated if the franchisee defaults in the performance of any of its obligations under the agreement, including its obligations to operate the restaurant in strict accordance with our standards and specifications. A franchise agreement may also be terminated if a franchisee becomes insolvent, fails to make its required payments, creates a threat to the public health or safety, ceases to operate the restaurant or misuses the Texas Roadhouse trademarks.

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Other Related Transactions

The Longview, Texas restaurant, leases the land and restaurant building from an entity controlled by Steven L. Ortiz, our Chief Operating Officer. The lease is for 15 years and will terminate in November 2014. We can renew the lease for two additional periods of five years each. Rent is approximately \$19,000 per month. The lease can be terminated if the tenant fails to pay the rent on a timely basis, fails to maintain the insurance specified in the lease, fails to maintain the building or property or becomes insolvent. Total rent payments for 2013 were approximately \$224,000.

The Bossier City, Louisiana restaurant, of which Steven L. Ortiz beneficially owns 66.0% and we own 5.0%, is leased from an entity owned by Mr. Ortiz. The lease is for 15 years and will terminate on March 31, 2020. We can renew the lease for three additional periods of five years each. Rent is approximately \$16,600 per month and escalates 10% each five years during the term. The lease can be terminated if the tenant fails to pay rent on a timely basis, fails to maintain insurance, abandons the property or becomes insolvent. The tenant's obligation to pay rent commenced in April 2005 and total rent payments for 2012 were approximately \$199,000. The audit committee ratified this transaction in February 2005 after considering market rentals of comparable land and building leases and considering our limited ownership interest. Additionally, the audit committee requested that we attempt to purchase the land and building from Mr. Ortiz's entity in the event the restaurant is ever acquired by us.

We entered into real estate lease agreements for franchise restaurants located in Everett, MA, of which W. Kent Taylor beneficially owns 59.0%, Longmont, CO, of which Steven L. Ortiz owns 47.5%, and Fargo, ND, of which Scott M. Colosi owns 5.05%, before our granting franchise rights for those restaurants. We have subsequently assigned the leases to the franchisees, but we remain contingently liable if a franchisee defaults under the terms of a lease. The Longmont lease expires in May 2019, the Everett lease expires in February 2018, and the Fargo lease expires in July 2016.

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PRESENTATION OF PROPOSALS

PROPOSAL 1 ELECTION OF DIRECTORS

The Company's by-laws provide for not less than one and not more than 15 directors. Our Board currently consists of six directors divided into three classes, with members of each class serving a three-year term. At the Annual Meeting, we are electing two Class I directors. Although it is not anticipated that either of the nominees listed below will decline or be unable to serve, if that should occur, the proxy holders may, in their discretion, vote for substitute nominees.

Nominees for Election as Directors

Set forth below are the Board members who will stand for re-election at the Annual Meeting, together with their ages, all Company positions and offices each person currently holds and the year in which each person joined the Board.

| Name | Age | Position or Office | Director Since |
|-----------------|------------|---------------------------|-----------------------|
| James R. Ramsey | 65 | Director | 2004 |
| James R. Zarley | 69 | Director | 2004 |

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES FOR CLASS III DIRECTORS OF THE COMPANY.

Table of Contents**PROPOSAL 2 RATIFICATION OF INDEPENDENT AUDITORS**

Pursuant to its charter, the audit committee has appointed the firm of KPMG LLP to serve as the independent auditors to audit the consolidated financial statements and the internal control over financial reporting of the Company for the fiscal year which ends on December 30, 2014. Accordingly, a resolution will be presented at the Annual Meeting to ratify the appointment of KPMG LLP. If the shareholders fail to ratify the appointment of KPMG LLP, the audit committee will take this result into account when appointing an independent auditor for fiscal year 2015. Even if the appointment is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm as the Company's independent auditors at any time during the year if the audit committee believes that such a change would be in the best interests of the Company and its shareholders. One or more representatives of KPMG LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Fees Paid to the Independent Auditors

We paid the following fees to KPMG LLP for fiscal years 2013 and 2012:

| | 2013 | 2012 |
|--------------------|-------------|-------------|
| Audit Fees | 567,500 | 537,000 |
| Audit-related Fees | | |
| Tax Fees | 9,100 | 12,706 |
| | 576,600 | 549,706 |

Audit Fees

KPMG LLP charged \$567,500 in fiscal year 2013 and \$537,000 in fiscal year 2012 for audit fees. These include professional services in connection with the audit of the Company's annual financial statements and its internal control over financial reporting. They also include reviews of the Company's financial statements included in the Company's Quarterly and Annual Reports on Form 10-Q and Form 10-K and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for the fiscal years shown.

Audit-related Fees

KPMG LLP did not charge the Company for any audit-related services in fiscal years 2013 or 2012.

Tax Fees

KPMG LLP charged \$9,100 for tax consulting services in fiscal year 2013 and \$12,706 for tax consulting services in fiscal year 2012.

Pre-approval Policies and Procedures

The audit committee pre-approved all audit, audit-related and permissible non-audit services provided to the Company by KPMG LLP before management engaged the auditors for those purposes. The policy of the committee is to review all engagement letters for accounting firms for non-audit services.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR 2014.

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PROPOSAL 3 ADVISORY VOTE ON APPROVAL OF EXECUTIVE COMPENSATION

The Board of Directors requests shareholder approval of the compensation of the Company's Named Executive Officers as described in the Compensation Discussion and Analysis, the Executive Compensation section and the other related executive compensation tables and related discussions in this proxy statement. As an advisory vote, the outcome of the voting on this proposal is not binding upon the Company; however, the compensation committee, which is responsible for establishing and administering the Company's executive compensation program, values the opinions expressed by shareholders on this proposal and will consider the outcome of the vote when making future compensation decisions for Named Executive Officers. Additionally, the compensation committee invites shareholders to express any questions or concerns regarding the Company's compensation philosophy for Named Executive Officers by correspondence addressed to Texas Roadhouse, Inc. Compensation Committee, 6040 Dutchmans Lane, Louisville, KY 40205.

The objective of the compensation committee in setting and evaluating the compensation of our Named Executive Officers is to promote the sustained profitability of the Company. Compensation for the Named Executive Officers is divided into three key components: (1) base salary, which provides a secure base of compensation and serves to motivate and retain our Named Executive Officers; (2) a cash bonus, which rewards our Named Executive Officers for the success of the Company as measured by growth in the Company's earnings per diluted share and its overall pre-tax profit, and for each officer's individual contribution to that success; and (3) grants of restricted stock units, which offer the Named Executive Officers a financial interest in the long-term success of the Company and align their interests with those of our shareholders. The compensation packages for our Named Executive Officers are somewhat unique in that they offer base salaries and target cash bonus amounts on the low end of market within the casual dining restaurant sector, and feature restricted stock unit awards in fixed amounts, the value of which is wholly dependent upon the price of our common stock.

The underlying philosophy reflected by this approach is that, because a significant amount of each officer's compensation lies in the value of the restricted stock units granted, the officers are motivated to continually improve the Company's performance in the hope that the performance will be reflected by the stock price on the vesting date of their restricted stock units and beyond. Overall, we believe this approach provides the Named Executive Officers with a compensation package which aligns the interests of our executive officers with those of our shareholders. The compensation packages also reflect a pragmatic response to external market conditions; that is, total compensation that is competitive with comparable positions in similar industries, including the casual dining sector of the restaurant industry, but which is reasonable and in the best interests of our shareholders. Further, as discussed with respect to the annual risk assessment of compensation practices performed jointly by the audit committee and the compensation committee, we believe that issuing restricted stock unit awards to our Named Executive Officers in fixed amounts, as opposed to making equity awards whose ultimate value is determined by achievement of isolated performance criteria, serves to discourage unnecessary or excessive risk taking. The use of arbitrarily selected performance metrics to determine the amount of restricted stock units granted could create the risk of excessive focus on the achievement of isolated subsidiary objectives, to the potential detriment of our ultimate goal of maintaining sustained profitability and shareholder returns through Legendary Food and Legendary Service.

This structure, along with the culture and values of our Company, allows the Company to attract and retain top talent, while also encouraging our officers to keep their focus on key strategic financial and operational goals. The Board was pleased to receive shareholder approval of the compensation packages of our Named Executive Officers in the advisory vote at the prior Annual Meeting and again requests approval of the compensation packages of our Named Executive Officers.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE EXECUTIVE COMPENSATION DETAILED IN THIS PROXY STATEMENT.

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PROPOSAL 4 NONBINDING SHAREHOLDER PROPOSAL REGARDING DECLASSIFICATION OF THE BOARD OF DIRECTORS

The Comptroller of the State of New York, Thomas P. DiNapoli, trustee of the New York State Common Retirement Fund and administrative head of the New York State and Local Retirement System, a beneficial owner of 135,045 shares of our Common Stock, intends to submit a resolution to shareholders for approval at the Annual Meeting. We will provide the proponent's address to any shareholder promptly upon request. The text of the proponent's resolution and supporting statement appear below, printed verbatim from its submission. We disclaim all responsibility for the content of the proposal and the supporting statement, including sources referenced therein.

Shareholder Proposal

"RESOLVED, that shareholders of Texas Roadhouse, Inc. urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors, and to require that all directors elected at or after the annual meeting held in 2015 stand for elections on an annual basis. Implementation of this proposal should not affect the unexpired terms of any directors elected to the Board of Directors at or prior to the annual meeting of the company held in 2014.

SUPPORTING STATEMENT

We believe that the ability to elect directors is the single most important use of the shareholder franchise. Accordingly, directors should be accountable to shareholders on an annual basis. The election of directors by classes, for three-year terms, in our opinion, minimizes accountability and precludes the full exercise of the rights of shareholders to approve or disapprove annually the performance of a director or directors.

In addition, since only one-third of the Board of Directors is elected annually, we believe that classified boards could frustrate, to the detriment of long-term shareholder interest, the efforts of a bidder to acquire control or a challenger to engage successfully in a proxy contest. A staggered board has been found to be one of six entrenching mechanisms that are associated with lower firm valuation. See "What Matters in Corporate Governance?" Lucian Bebchuk, Alma Cohen & Allen Ferrell, *Review of Financial Studies*, Vol. 22, Issue 2, 783 (2009).

The New York State Common Retirement Fund urges you to join us in voting to declassify the election of directors, as a powerful tool for management incentive and accountability. We urge your support FOR this proposal."

Board of Directors Opposition Statement

All of the members of our Board recommend that you vote AGAINST this shareholder proposal. After careful consideration of the proposal and the arguments for and against a classified board, our Board believes that a classified board structure continues to serve the best interests of both our Company and our shareholders.

Business Continuity

The importance of culture to the success of our Company cannot be overstated. A key component of our competitive advantage is that our Company, and how we run it, is unique and long-term focused. The fact that our Board maintains a deep appreciation for the relationships, priorities, and goals that have made us successful is fundamental to preserving our culture. This kind of appreciation develops over time.

Abrupt changes in the composition of our Board or in our operational focus, based on short-term initiatives or the special interests of a small group of shareholders, would threaten the

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success of our Company as a whole. We believe that much of our success is attributable to the fact that our leadership prioritizes long-term performance and strives to balance evolution with staying true to our culture and core values. We further believe that making three-year commitments to our directors is consistent with this business model and sets a "tone at the top" of consistency and stability.

Sound Corporate Governance

While proposals for declassified board structures have become more prolific in the past few years, we caution our shareholders to consider that **effective corporate governance is not a one-size-fits-all issue.** Our Board of Directors, serving under a classified structure since our initial listing on NASDAQ, have demonstrated strong corporate governance practices, high ethics, and consistent responsiveness to our shareholder base. We also remind you that the members of our Board of Directors are legally obligated to fulfill fiduciary duties to both the Company and our shareholders, regardless of the length of their terms. This is a responsibility that they already take very seriously; annual terms would not serve to enhance it. The Board also benefits from a robust nominating and corporate governance committee comprised of all of our independent directors. Under the direction of this committee, the Board conducts regular self-assessments, reviews and responds to all shareholder correspondence, and stays informed on best practices in board governance.

Consistently Strong Performance

The proponent's statement refers to a general conclusion from one academic study regarding the relationship between declassified boards and firm valuation as a reason to adopt this serious measure, without stating any specific reasons why declassifying our Board of Directors will benefit our shareholders. To the contrary, **our record of strong performance supports the fact that our experienced leadership knows best how to drive shareholder value in our Company.** The value of our common stock since our 2:1 split in September 2005 has increased over 180%, and we have exceeded \$1.9 billion in market valuation. In addition, returns to shareholders through declared dividends and completed share repurchases within the past five fiscal years have exceeded \$246 million, and we have increased our quarterly dividend each year since our first dividend was declared in 2011. Finally, in a retail space that has faced numerous headwinds in recent years, our comparable restaurant sales have outperformed the casual dining industry, and we have been growing market share and achieving consistent double digit earnings per share growth.

Protecting our Shareholders

The proponent states that the existence of a classified board would frustrate a takeover attempt. We caution you to consider, however, that the presence of a classified board does not prevent unsolicited acquisition proposals, but it can provide many benefits in responding to such a proposal. If and when an offer is made, a board who is not operating under the threat of imminent removal can more aggressively and effectively act on behalf of all shareholders by taking an appropriate amount of time to evaluate the adequacy and fairness of any takeover proposal, to negotiate on behalf of all shareholders, and to consider all alternatives equally. Contrary to the position articulated by the proponent, **we believe that the presence of a classified board actually protects our shareholders because it reduces our vulnerability to potentially unfair and abusive takeover tactics and encourages potential acquirers to negotiate with our Board.**

Recommendation

THE BOARD RECOMMENDS A VOTE "AGAINST" THE NONBINDING SHAREHOLDER PROPOSAL REGARDING DECLASSIFICATION OF THE BOARD OF DIRECTORS.

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SHAREHOLDER PROPOSALS

Under Rule 14a-8 promulgated under the Securities Exchange Act of 1934 ("Exchange Act"), shareholders may present proposals to be included in the Company proxy statement for consideration at the next annual meeting of its shareholders by submitting their proposals to the Company in a timely manner. Any such proposal must comply with Rule 14a-8.

The Company's by-laws, a copy of which is available on the Company's website, *www.texasroadhouse.com*, require shareholders who intend to propose business for consideration by shareholders at the 2015 Annual Meeting, other than shareholder proposals that are included in the proxy statement, to deliver written notice to the principal executive offices of the Company on or before December 12, 2014. This notice must include a description of the business desired to be brought before the annual meeting, the name and address of the shareholder proposing such business and of the beneficial owner, if any, on whose behalf the business is being brought, the class, series and number of shares of the Company which are beneficially owned by the shareholder and such other beneficial owner and any material interest of the shareholder and such other beneficial owner in such business. Similar requirements are set forth in the Company's by-laws with respect to shareholders desiring to nominate candidates for election as director. Exchange Act rules permit management to vote proxies in its discretion in certain cases if the shareholder does not comply with these deadlines, and in certain other cases notwithstanding the shareholder's compliance with these deadlines. If a shareholder submitting a matter to be raised at the Company's next annual meeting desires that such matter be included in the Company's proxy statement, such matter must be submitted to the Company no later than December 12, 2014.

The rules of the SEC set forth standards for what shareholder proposals the Company is required to include in a proxy statement for an annual meeting.

SHAREHOLDERS' COMMUNICATIONS WITH THE BOARD

Shareholders that want to communicate in writing with the Board, or specific directors individually, may send proposed communications to the Company's General Counsel and Corporate Secretary, Celia Catlett, at 6040 Dutchmans Lane, Louisville, Kentucky 40205. The proposed communication will be reviewed by Ms. Catlett and by the audit committee. If the communication is appropriate and serves to advance or improve the Company or its performance, it will be forwarded to the Board or the appropriate director.

FORM 10-K

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, accompanies this proxy statement. The Company's Annual Report does not form any part of the material for solicitation of proxies.

Any shareholder who wishes to obtain, without charge, a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which includes financial statements, and is required to be filed with the SEC, may access it at *www.texasroadhouse.com* in the Investors section or may send a written request to Celia Catlett, General Counsel and Corporate Secretary, Texas Roadhouse, Inc., 6040 Dutchmans Lane, Louisville, Kentucky 40205.

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OTHER BUSINESS

The Board is not aware of any other matters to be presented at the Annual Meeting other than those set forth herein and routine matters incident to the conduct of the meeting. If any other matters should properly come before the Annual Meeting or any adjournment or postponement thereof, the persons named in the proxy, or their substitutes, intend to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

Celia Catlett
Corporate Secretary

Louisville, Kentucky
April 11, 2014

Please vote your shares through any of the methods described on the proxy card as promptly as possible, whether or not you plan to attend the Annual Meeting in person. If you do attend the Annual Meeting, you may still vote in person, since the proxy may be revoked at any time before its exercise by delivering a written revocation of the proxy to the Company's Corporate Secretary.

