

Texas Roadhouse, Inc.  
Form DEF 14A  
April 08, 2016

Use these links to rapidly review the document

[Table of Contents](#)

[Table of Contents](#)

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)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: Texas Roadhouse, Inc. - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

Table of Contents

April 8, 2016

To our Shareholders:

You are cordially invited to attend the 2016 Annual Meeting of Shareholders of Texas Roadhouse, Inc. on Thursday, May 19, 2016. 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*

---

Table of Contents

## TEXAS ROADHOUSE, INC.

6040 Dutchmans Lane  
Louisville, Kentucky 40205

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 19, 2016

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 19, 2016 at 9:00 a.m. eastern daylight time.

At the Annual Meeting you will be asked to:

elect three Class III 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;

approve amendments to the Amended and Restated Certificate of Incorporation to declassify the Board of Directors; 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 22, 2016 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 8, 2016

#### 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 2016 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 19, 2016: Our Proxy Statement related to our 2016 Annual Meeting of Shareholders, our Annual Report on Form 10-K for the fiscal year ended on December 29, 2015 and our Annual Report to Shareholders for the fiscal year ended on December 29, 2015 are available on our website at [www.texasroadhouse.com](http://www.texasroadhouse.com) in the Investors section.**

Table of Contents

**Table of Contents**

<b><u>SUMMARY OF MATTERS REQUIRING SHAREHOLDER ACTION</u></b>	<u>1</u>
<u>Proposal 1 Election of Directors</u>	<u>1</u>
<u>Proposal 2 Ratification of Appointment of Independent Auditors</u>	<u>1</u>
<u>Proposal 3 Advisory Vote on Approval of Executive Compensation</u>	<u>1</u>
<u>Proposal 4 Nonbinding Shareholder Proposal Regarding Declassification of the Board of Directors</u>	<u>2</u>
<u>Other Matters</u>	<u>2</u>
<b><u>INFORMATION ABOUT PROXIES AND VOTING</u></b>	<u>3</u>
<u>Record Date and Voting Securities</u>	<u>3</u>
<u>Revocability of Proxies</u>	<u>3</u>
<u>Solicitation of Proxies</u>	<u>3</u>
<u>Other Voting Considerations</u>	<u>3</u>
<b><u>CORPORATE GOVERNANCE AND OUR BOARD</u></b>	<u>5</u>
<u>Director Biographies</u>	<u>5</u>
<u>Meeting of the Board of Directors</u>	<u>7</u>
<u>Leadership Structure of the Board and the Role of the Board in Risk Oversight</u>	<u>7</u>
<u>Committees of the Board of Directors</u>	<u>8</u>
<u>Policy Regarding Consideration of Candidates for Director</u>	<u>9</u>
<u>Compensation of Directors</u>	<u>10</u>
<u>Code of Conduct</u>	<u>11</u>
<u>Stock Ownership Guidelines</u>	<u>11</u>
<b><u>STOCK OWNERSHIP INFORMATION</u></b>	<u>12</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>13</u>
<b><u>EXECUTIVE COMPENSATION</u></b>	<u>14</u>
<u>Compensation Discussion and Analysis</u>	<u>14</u>
<u>Summary Compensation Table</u>	<u>22</u>
<u>Grants of Plan-Based Awards in Fiscal Year 2015</u>	<u>24</u>
<u>Outstanding Equity Awards</u>	<u>25</u>
<u>Options Exercised and Stock Vested</u>	<u>26</u>
<u>Termination, Change of Control and Change of Responsibility Payments</u>	<u>26</u>
<b><u>AUDIT COMMITTEE REPORT</u></b>	<u>29</u>
<u>Related Transactions</u>	<u>30</u>
<b><u>PRESENTATION OF PROPOSALS</u></b>	<u>33</u>
<u>Proposal 1 Election of Directors</u>	<u>33</u>
<u>Proposal 2 Ratification of Appointment of Independent Auditors</u>	<u>34</u>
<u>Proposal 3 Advisory Vote on Approval of Executive Compensation</u>	<u>36</u>
<u>Proposal 4 Nonbinding Shareholder Proposal Regarding Declassification of the Board of Directors</u>	<u>37</u>
<b><u>SHAREHOLDER PROPOSALS</u></b>	<u>39</u>
<b><u>SHAREHOLDERS' COMMUNICATIONS WITH THE BOARD</u></b>	<u>39</u>
<b><u>FORM 10-K</u></b>	<u>39</u>
<b><u>OTHER BUSINESS</u></b>	<u>39</u>

---

Table of Contents

**TEXAS ROADHOUSE, INC.**

6040 Dutchmans Lane  
Louisville, Kentucky 40205

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 19, 2016**

---

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 8, 2016.

The Annual Meeting will be held at the Texas Roadhouse Support Center, Louisville, Kentucky on Thursday, May 19, 2016 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 nominee with the most votes for the available slot is elected for that slot. You may vote "FOR" each nominee or you may "WITHHOLD AUTHORITY" to vote for each nominee. Unless you "WITHHOLD AUTHORITY" to vote for a nominee, your proxy will be voted "FOR" the election of the individuals nominated as Class III 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" 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 27, 2016 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 be determined by the affirmative vote of a majority of the shares present (in person or by proxy) and

Table of Contents

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 Approval of Amendments to the Amended and Restated Certificate of Incorporation to declassify the Board of Directors**

The proposal to approve the proposed amendments to the Amended and Restated Certificate of Incorporation must be approved by the affirmative vote of a majority of the shares of the Company's common stock outstanding and entitled to vote thereon. You may vote "FOR" or "AGAINST" approval of the proposed amendments, 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 proposal.

*The Board recommends that you vote "FOR" 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.

Table of Contents

**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 22, 2016. 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 70,310,024 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



## Edgar Filing: Texas Roadhouse, Inc. - Form DEF 14A

### Table of Contents

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 amendment of the Amended and Restated Certificate of Incorporation (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 the approval of executive compensation. Because the proposal to approve the amendments to the Amended and Restated Certificate of Incorporation requires the affirmative vote of a majority of the shares of the Company's outstanding common stock, broker non-votes will not count as a vote to approve the amendments.

#### *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.

Table of Contents

**CORPORATE GOVERNANCE AND OUR BOARD**

**Director Biographies**

*Class I Directors (Terms Expiring at the 2017 Annual Meeting):*

James R. Ramsey. Dr. Ramsey, 67, 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 has served as a director since 2004 and was 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, 71, has previously served as chairman, chief executive officer and chairman of the board of Conversant, a single-source provider of media, technology and services across major interactive marketing channels which previously operated under the name ValueClick, Inc., and was a member of Conversant's board of directors from 1999 until his retirement in 2014. Mr. Zarley shaped the company into a global leader in online marketing solutions. Prior to joining Conversant, 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. Currently, he serves on the board of directors of several private companies. Mr. Zarley has served as a director since 2004 and was 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 2018 Annual Meeting):*

W. Kent Taylor. Mr. Taylor, 60, 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 has served as a director since 2004 and 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

## Edgar Filing: Texas Roadhouse, Inc. - Form DEF 14A

### Table of Contents

other professional experiences, Mr. Taylor possesses particular knowledge and experience that strengthens the Board's collective qualifications, skills and experience.

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

Gregory N. Moore. Mr. Moore, 66, 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, New York 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 the compensation committee, the audit committee and the nominating committee. Mr. Moore also serves on the board of EF&TRH Restaurants (HK) Holding Limited, a Texas Roadhouse, Inc. joint venture in China. Mr. Moore has served as a director since 2005 and is being 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, 69, 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 has served as a director since 2004 and is being 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 Texas Roadhouse. 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, 54, was appointed President of the Johnson & Johnson Consumer OTC division, which provides healthcare solutions through well-known and trusted over the counter medicines and products, including Tylenol®, Zyrtec®, Motrin®, Pepcid®, Sudafed®, Benadryl® and Imodium®, in August 2015. She was previously with Johnson & Johnson for 21 years, until 2009, where she held numerous positions, including serving as Vice President, Marketing, McNeil Consumer Healthcare. Prior to re-joining Johnson & Johnson, she served as Executive Vice President and Chief Marketing Officer at Elizabeth Arden, Inc. from 2009 to 2015, and was 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 five 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 has served as a director since 2013 and is being nominated as a director 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.

Table of Contents

**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 29, 2015. 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 directors attended the 2015 Annual Meeting. Four regular Board meetings are currently scheduled for the fiscal year 2016. 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.

**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 culture, 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](http://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 audit and compensation 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, a risk committee comprised of Company management 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

Table of Contents

operational, financial, legal, and cybersecurity 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 and the compensation committee jointly perform 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 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 2015, the committees 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 committees 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; 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.

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](http://www.texasroadhouse.com). Please note, however, that the information contained on the website is not incorporated by reference in, nor 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

Table of Contents

comprised of Messrs. Moore, Parker, Ramsey, and Zarley. Mr. Moore chairs the committee. The Board evaluated 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 fiscal year 2015.

*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 fiscal year 2015.

*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, (iii) developing and recommending to the Board a set of corporate governance principles, and (iv) overseeing the evaluation of the Board, its committees, and its incumbent members. 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 fiscal year 2015.

**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 which 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.

Table of Contents

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 further discussed in the "Compensation Discussion and Analysis", the Compensation Committee engaged Towers Watson as an independent compensation consultant in 2014 to advise the committee on executive and non-employee director compensation. Specifically, the committee asked the compensation consultant to provide market data, review the design of the executive and non-employee director compensation packages, and provide recommendations on cash and equity compensation for our executive officers and non-employee directors. As described more fully below, the following table summarizes the total compensation paid or accrued for fiscal year 2015 for each of the non-employee directors.

**Director Compensation Table**

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Grant Date Fair Value of 3-year Stock Awards (\$) (c)(1)	Total (\$) (d)	Estimated Actual Compensation for fiscal 2015 (Including Cash Fees and 1/3 of Stock Award) (\$)(2)
Gregory N. Moore	96,500(3)	886,635	983,135	389,920
James F. Parker	47,000(4)	886,635	933,635	340,420
James R. Ramsey	36,500	886,635	923,135	329,920
Kathleen M. Widmer	30,500	886,635	917,135	323,920
James R. Zarley	37,000	886,635	923,635	330,420

(1)

In January 2015, the non-employee directors were each granted 25,500 restricted stock units, which vest in one-third increments each year over three years. 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 \$34.77. The amounts listed above represent the grant date fair value determined in accordance with FASB ASC Topic 718, of restricted stock units granted under the Company's 2013 Long-Term Incentive Plan. Detailed assumptions under FASB ASC Topic 718 are set forth in Note 13 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2015. No other equity awards were granted during the period of time covered by this table nor were outstanding at the end of the Company's fiscal year. The Company cautions that the amounts reported in the Director Compensation Table for these awards may not represent the amounts that the directors will actually realize from the awards. Whether, and to what extent, a director realizes value will depend on the Company's actual operating performance, stock price fluctuations and the director's continued service with the Company.

(2)

Although the non-employee directors were each granted 25,500 restricted stock units in 2015, these grants vest in one-third increments each year over three years. The 8,500 shares attributable to their 2015 service vested on January 8, 2016. The estimated value at vesting was calculated using the closing price of the Company's common stock on the trading day immediately preceding the vesting date, which was \$34.52.

Table of Contents

- (3) This amount includes a \$20,000 annual fee for serving as the lead independent director, a \$20,000 annual fee for serving as the chairman of the audit committee, and a \$15,000 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. In addition, the lead independent director receives an additional annual fee of \$20,000, 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 \$15,000. 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](http://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.

**Stock Ownership Guidelines**

Our Board has adopted stock ownership guidelines to further align the financial interests of the Company's executive officers and non-management directors with the interests of our shareholders. The guidelines provide that our Chief Executive Officer should own, at a minimum, the lesser of 100,000 shares or \$2,500,000 in then-current market value, our President should own, at a minimum, the lesser of 40,000 shares or \$1,000,000 in then-current market value, and our other named executive officers and non-management directors should own, at a minimum, the lesser of 10,000 shares or \$500,000 in then-current market value. The officers and directors are expected to achieve the stock ownership levels under these guidelines within five years of assuming their respective positions.

All named executive officers and non-management directors who have been in their role for five years are in compliance with the guidelines. We anticipate that any people who are new to their roles within the last five years will, to the extent they are not currently in compliance, be in compliance with the guidelines within the required time frame.



Table of Contents**STOCK OWNERSHIP INFORMATION**

The following table sets forth as of March 1, 2016 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
<b>Directors, Nominees and Named Executive Officers:</b>		
W. Kent Taylor(3)	4,377,152	6.2%
Scott M. Colosi	61,429	*
Steven L. Ortiz(4)	342,736	*
G. Price Cooper, IV(5)	42,714	*
Celia P. Catlett	11,466	*
Gregory N. Moore	70,650	*
James F. Parker	75,060	*
James R. Ramsey	105,918	*
Kathleen M. Widmer	21,250	*
James R. Zarley	106,400	*
<b>Directors, Nominees and All Executive Officers as a Group (10 Persons)</b>	<b>5,214,775</b>	<b>7.4%</b>
<b>Other 5% Beneficial Owners**</b>		
Capital Research Global Investors(6) 333 South Hope Street	4,587,200	6.50%