

Texas Roadhouse, Inc.  
Form DEF 14A  
April 09, 2009

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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 Pursuant to §240.14a-12

**Texas Roadhouse, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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April 10, 2009

To our Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Texas Roadhouse, Inc. on Thursday, May 21, 2009. The meeting will be held at the Seelbach Hilton Hotel, Medallion Ballroom A, 500 South 4<sup>th</sup> Street, Louisville, Kentucky 40202, 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 stockholder 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. Stockholders 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,

G.J. Hart  
President, Chief Executive Officer

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**TEXAS ROADHOUSE, INC.**  
6040 Dutchmans Lane, Suite 200  
Louisville, Kentucky 40205

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 21, 2009**

To the Stockholders:

The Annual Meeting of Stockholders (the "Annual Meeting") of Texas Roadhouse, Inc. (the "Company") will be held at the Seelbach Hilton Hotel, Medallion Ballroom A, 500 South 4<sup>th</sup> Street, Louisville, Kentucky, on Thursday, May 21, 2009, at 9:00 a.m. eastern daylight time.

At the Annual Meeting you will be asked to:

elect two Class II 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; 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 stockholders of record at the close of business on March 23, 2009 are entitled to receive notice of and to vote at the meeting.

By Order of the Board of Directors,

Sheila C. Brown  
Corporate Secretary

Louisville, Kentucky  
April 10, 2009

**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  
2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 21, 2009**

Our Proxy Statement related to our 2009 Annual Meeting of Stockholders, our Annual Report on Form 10-K for the fiscal year ended on December 30, 2008 and our Annual Report to Stockholders for the fiscal year ended on December 30, 2008 are available on our website at [www.texasroadhouse.com](http://www.texasroadhouse.com) in the Investors section.

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**TEXAS ROADHOUSE, INC.**  
6040 Dutchmans Lane, Suite 200  
Louisville, Kentucky 40205

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 21, 2009**

**Introduction**

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 Stockholders (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 Annual Meeting is the fifth meeting of stockholders following the completion of our initial public offering (the "IPO") of Class A common stock on October 8, 2004. This proxy statement and accompanying proxy card are first being mailed to stockholders on or about April 10, 2009.

**Date, Time and Place**

The Annual Meeting will be held at the Seelbach Hilton Hotel, Medallion Ballroom A, 500 South 4<sup>th</sup> Street, Louisville, Kentucky on Thursday, May 21, 2009, at 9:00 a.m. eastern daylight time, for the purposes set forth in this proxy statement and the accompanying notice of Annual Meeting.

**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 23, 2009. Only stockholders 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 64,278,825 shares of Class A common stock (each of which is entitled to one vote per share on all matters to be considered at the Annual Meeting) and 5,265,376 shares of Class B common stock (each of which is entitled to ten votes per share on all matters to be considered at the Annual Meeting). Based on the number of shares outstanding as of the Record Date, the shares of Class A common stock are entitled to an aggregate of 64,278,825 votes, and the shares of Class B common stock are entitled to an aggregate of 52,653,760 votes.

The presence in person or by proxy of the holders of a majority in voting power of the combined voting power of the Class A common stock and the Class B 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 stockholders, unless revoked as described below. Under Delaware law, proxies marked as abstentions are not counted as votes cast, but will be considered present and entitled to vote to determine if a quorum exists. In addition, shares held in street name that have been designated by brokers on proxy cards as not voted will not be counted as votes cast, but will be considered present and entitled to vote to determine if a quorum exists.

**Voting of Proxies**

If no instructions are given, shares represented by executed but unmarked proxies will be voted FOR election of the individuals nominated as Class II directors and FOR ratification of the selection of KPMG LLP as the Company's independent auditors for the fiscal year 2009.

**Revocability of Proxies**

A stockholder 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 stockholder 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. Stockholders 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 the presence of a stockholder at the Annual Meeting will not automatically revoke that stockholder's 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.

**Votes Required**

Each of the proposals will be considered separately.

*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 a particular slot is elected for that slot. Abstentions from voting and broker "non-votes" on the election of directors will have no effect since they will not represent votes cast at the Annual Meeting for the purpose of electing directors.

*Ratification of the Appointment of the Independent Auditors*

The proposal to ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 29, 2009 must be approved by the affirmative vote of a majority of the votes cast on this proposal at the Annual Meeting. For the purposes of this vote, a vote to abstain and a broker "non-vote" will have no effect on the vote on such 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 stockholders, 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.

**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 seven directors divided into three classes. Members of each class serve for a three-year term. The Board has designated Martin T. Hart and W. Kent Taylor as nominees for re-election as Class II directors of the Company to serve for terms of three years and until their successors are duly elected and qualified. Although it is not anticipated that any 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 two 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
Martin T. Hart	73	Director	2004
W. Kent Taylor	53	Director, Chairman	2004

*Martin T. Hart.* Mr. Hart has been a private investor in the Denver, Colorado area since 1969. He has owned and developed a number of companies into successful businesses, and has served on the board of directors for many public and private corporations. Presently, Mr. Hart is serving on the board of directors of the following public companies: ValueClick, Inc.; MassMutual Corporate Investors, an investment company; MassMutual Participation Investors, an investment company; and, Spectranetics Corporation, a medical device company. He also continues to serve on the board of directors of several private companies. Mr. Hart is a certified public accountant. He is the past Chairman of the Board of Trustees of Regis University.

*W. Kent Taylor.* Mr. Taylor is our founder and was our Chief Executive Officer from 2000 to October 8, 2004. Upon the completion of our IPO, 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 has over 25 years of experience in the restaurant industry.

**Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE TWO NOMINEES FOR CLASS II DIRECTOR OF THE COMPANY.**

**Other Directors**

The following Class I and III directors will continue on the Board for the terms indicated:

*Class I Directors (Terms Expiring at the 2011 Annual Meeting):*

*James R. Ramsey.* Dr. Ramsey, 60, became president of the University of Louisville on November 14, 2002, after serving as acting president since September 2, 2002. Before becoming president, he had 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

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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 of Community Trust Bancorp, Inc. He also serves on the boards of trustees of Churchill Tax-Free Fund of Kentucky and Naragansett Insured Tax-Free Income Fund.

*James R. Zarley.* Mr. Zarley, 64, is the executive chairman of the board of directors and a full-time employee of ValueClick, Inc., a single-source provider of media, technology and services across major interactive marketing channels. He served as president and Chief Executive Officer of ValueClick until May 2007. He has served as chairman, and has been an advisor to ValueClick, Inc., since May 1998. In February 1999, Mr. Zarley joined ValueClick, Inc. in a full-time capacity and in May 1999 he became Chief Executive Officer. In January 2001, Mr. Zarley assumed the added position of President of ValueClick, Inc. Before joining ValueClick, Inc., from April 1987 to December 1996, Mr. Zarley was Chief Executive Officer of Quantech Investments, an information services company. From December 1996 to May 1998, Mr. Zarley was the Chairman and Chief Executive Officer of Best Internet until its merger with Hiway Technologies, a Web hosting company, in May 1998. From May 1998 to January 1999, Mr. Zarley was the Chief Operating Officer of Hiway Technologies until its merger with Internet service provider, Verio, Inc.

### *Class III Directors (Terms Expiring at the 2010 Annual Meeting):*

*G.J. Hart.* Mr. Hart, 51, has served as our President since May 15, 2000. Upon the completion of our IPO, Mr. Hart became President and Chief Executive Officer. From October 1995 until May 2000, Mr. Hart was President of Al Copeland Investments in Metairie, Louisiana, a privately held business consisting of four restaurant concepts, hotels, gaming, entertainment and food processing operations. From June 1991 to September 1995, Mr. Hart was President of TriFoods International, Inc., a producer of prepared food products. Mr. Hart has over 25 years of experience in the food industry.

*Gregory N. Moore.* Mr. Moore, 59, served as the Senior Vice President and Controller of Yum! Brands, Inc. ("Yum! Brands") through his retirement on May 1, 2005. He is currently a financial consultant and private investor. Yum! Brands is the worldwide parent company of Taco Bell, KFC, Pizza Hut, Long John Silver's and A&W All-American Food. 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, Inc., 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. Mr. Moore serves on the board and chairs the audit committee of 3 Day Blinds, a private company.

*James F. Parker.* Mr. Parker, 62, served as Chief Executive Officer and Vice-Chairman of the board of Southwest Airlines Co. from June 2001 through July 2004. Before serving 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.



## Meetings of the Board of Directors

The Board met on 10 occasions and its committees met on 19 occasions during our fiscal year ended December 30, 2008. 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 period of service. In addition, the Company expects all members of the Board to attend the Annual Meeting; all members attended the 2008 Annual Meeting. Four Board meetings are currently scheduled for the fiscal year 2009. Meetings of non-employee directors, without management directors or employees present, are typically scheduled in conjunction with each regularly scheduled Board meeting.

## 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, or considered to be a part of, this proxy statement.

*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 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 4200(a)(15) and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and Exchange Commission ("SEC"). The audit committee is currently comprised of Messrs. Moore, Parker and Ramsey and is chaired by Mr. Moore. The Board evaluated the credentials 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 2008.

*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 4200(a)(15) and the requirements of the SEC. The members of the compensation committee are Messrs. Martin Hart, Moore, Parker, Ramsey and Zarley. Mr. Parker chairs the committee. Mr. Zarley was appointed to the committee on January 31, 2008. The compensation committee met two times during the fiscal year 2008.

*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. 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 4200(a)(15) and the requirements of the SEC. The members of the nominating and corporate governance committee are Messrs. Martin Hart, Moore, Parker and Zarley. Mr. Moore chairs the committee. The nominating and corporate governance committee met two times during the fiscal year 2008.

**Policy Regarding Consideration of Candidates for Director**

The nominating and corporate governance committee will consider timely stockholder recommendations for director nominees at the 2010 Annual Meeting if stockholders comply with the requirements of the Company's by-laws; a copy of the relevant section of the by-laws may be obtained from the Company's Corporate Secretary. To be considered timely and to be included in our proxy statement and related proxy for the 2010 Annual Meeting, stockholders should submit nominations, if any, no later than December 11, 2009, to the Company's Corporate Secretary, at 6040 Dutchmans Lane, Suite 200, Louisville, Kentucky 40205. Stockholder nominations should include, among other items, the name of the candidate, age, contact information, present principal occupation or employment, qualifications and skills, background, last five year's employment and business experience, a description of previous service as director of any corporation or organization, other relevant biographical information and the nominee's consent to service on the Board.

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 stockholders. 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 stockholder of the Company.

The Company does not pay a third-party fee to assist in identifying and evaluating nominees, but the Company does not preclude the potential for using such services if needed as may be determined at the discretion of the nominating and corporate governance committee.

**Compensation of Directors**

As described more fully below, the following table summarizes the total compensation paid or accrued for fiscal year 2008 for each of the non-employee directors.

**Director Compensation Table**

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (1), (2) (c)	Option Awards (\$) (1), (3) (d)	Total (\$) (e)
	Martin T. Hart	29,000	77,089	
Gregory N. Moore	56,500	77,089	8,789	142,378
James F. Parker	36,500	77,089		113,589
James R. Ramsey	30,000	77,089		107,089
James R. Zarley	26,000	77,089		103,089

(1) Columns (c) and (d) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 30, 2008, in accordance with Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment* ("SFAS 123R") of awards pursuant to the Company's equity incentive program and thus include amounts from awards granted prior to, as well as in, fiscal year 2008, because the expense is being recognized over each award's vesting period. Assumptions used in the calculation of these amounts for the fiscal year ended December 30, 2008 are included in Footnote 2(s) "Summary of Significant Accounting Policies Equity Incentive Plan" and Footnote 13 "Share-based Compensation" to the Company's

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audited financial statements for the fiscal year ended December 30, 2008, included in the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2009.

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.

- (2) At December 30, 2008, the aggregate number of stock awards outstanding was: Mr. Martin Hart: 15,000; Mr. Moore: 15,000; Mr. Parker: 15,000; Dr. Ramsey: 15,000; and Mr. Zarley: 15,000.
- (3) At December 30, 2008, the aggregate number of option awards outstanding was: Mr. Martin Hart: 40,000; Mr. Moore: 40,000; Mr. Parker: 40,000; Dr. Ramsey: 13,334; and Mr. Zarley: 40,000.

Non-employee directors each receive an annual fee of \$12,500. The chairperson of the audit committee received an additional annual fee of \$20,000 for 2008. 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. Each non-employee director also received a one-time option grant to purchase 40,000 shares of our Class A common stock on the date he or she joined the Board. These non-employee director options become exercisable in 33<sup>1</sup>/<sub>3</sub>% increments annually beginning one year from the grant date.

In February 2008, the non-employee directors were each granted 15,000 restricted stock units, where each unit represents the conditional right to receive one share of our Class A common stock upon satisfaction of the vesting requirements. The restricted stock units vest in 50% increments each year over two years.

### **Code of Ethics**

The Board has approved and adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including the Company's principal executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct and Ethics 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 Business Conduct and Ethics, if any, that apply to the principal executive officer, the principal financial officer or the principal accounting officer on its website.

**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 financial statements and the internal control over financial reporting of the Company for the fiscal year which ends on December 29, 2009. Accordingly, a resolution will be presented at the Annual Meeting to ratify the appointment of KPMG LLP. If the stockholders fail to ratify the appointment of KPMG LLP, the audit committee will reconsider such appointment. 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 stockholders. 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.

**Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR 2009.**

**STOCK OWNERSHIP INFORMATION**

The following table sets forth as of December 31, 2008 certain information with respect to the beneficial ownership of the Company's Class A common stock for each stockholder other than management stockholders known by the Company to be the owner of 5% or more of the Company's Class A common stock. This information is based on stock ownership reports on Schedule 13G filed by each of these stockholders with the SEC.

Name and Address of Beneficial Owner	Class A Common Stock	
	Common Stock Ownership	Percent
Baron Capital Group, Inc. 767 Fifth avenue, 49 <sup>th</sup> floor New York, New York 10153	3,450,000(1)	5.30%
Barclays Global Investors, NA  400 Howard Street San Francisco, California 94105	3,273,152(2)	5.05%

(1) Baron Capital Group, Inc., BAMCO, Inc., Baron Small Cap Fund and Ronald Baron share voting and dispositive power with respect to these shares.

(2) Barclays Global Investors, NA has sole voting power with respect to 1,107,221 shares and sole dispositive power with respect to 1,167,122 shares.

Barclays Global Fund Advisors has sole voting power with respect to 1,488,456 shares and sole dispositive power with respect to 2,070,993 shares.

Barclays Global Investors, Ltd has sole voting power with respect to 1,810 shares and sole dispositive power with respect to 35,037 shares.

The following table sets forth as of December 30, 2008 certain information with respect to the beneficial ownership of the Company's Class A and Class B common stock of (i) the Chief Executive Officer, the Chief Financial Officer and the other three executive officers of the Company who earned the highest total compensation during the fiscal year 2008 (the "Named Executive Officers"), (ii) each director or nominee for director of the Company and (iii) all directors and executive officers as a group. The Company has no shares of preferred stock outstanding. Mr. Taylor owns all 5,265,376 shares of Class B common stock outstanding. Each share of Class B common stock is entitled to ten votes per

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share. In the table below, the voting percentages reflect all the shares of Class A and Class B common stock outstanding as of December 30, 2008.

Name	Class A Common Stock(1)		Beneficial Ownership of Class A and Class B Common Stock Combined Voting Percent
	Common Stock Ownership(2)	Percent	
<b>Directors, Nominees and Named Executive Officers:</b>			
W. Kent Taylor(3)	13,411,716(4)	20.9%	56.6%
G.J. Hart	466,876	*	*
Martin T. Hart	252,134	*	*
Gregory N. Moore	49,722	*	*
James F. Parker	58,560	*	*
James R. Ramsey	45,868	*	*
James R. Zarley	97,500	*	*
Steven L. Ortiz(5)	1,218,554	1.9%	1.0%
Scott M. Colosi	415,000	*	*
Sheila C. Brown	182,312	*	*
<b>Directors, Nominees and All Executive Officers as a Group (10 Persons)</b>	<b>16,198,242</b>	<b>24.6%</b>	<b>58.1%</b>

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

(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" 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 December 30, 2008 through the exercise of stock options or the vesting of restricted stock units granted pursuant to our equity incentive plan.

Name	Shares which may be acquired within 60 days pursuant to stock awards
W. Kent Taylor	
G.J. Hart	451,876
Martin T. Hart	47,500
Gregory N. Moore	47,500
James F. Parker	47,500
James R. Ramsey	20,834
James R. Zarley	47,500
Steven L. Ortiz	519,108
Scott M. Colosi	400,000
Sheila C. Brown	133,014
<b>Directors, Nominees and All Executive Officers as a Group (10 Persons)</b>	<b>1,714,832</b>



- (3) Mr. Taylor's address is c/o Texas Roadhouse, Inc., 6040 Dutchmans Lane, Suite 200, Louisville, Kentucky 40205.
- (4) Does not include shares of Class A common stock issuable upon conversion of Class B common stock.
- (5) 552,686 shares are pledged to a bank.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Overview and Philosophy

We entered into new employment agreements with G.J. Hart, Scott M. Colosi, W. Kent Taylor, Steven L. Ortiz and Sheila C. Brown, our Named Executive Officers, on January 14, 2008, which were effective as of December 26, 2007 (the "2007 Employment Agreements"). Each of the 2007 Employment Agreements will expire on January 7, 2011 but may be extended on a year-to-year basis after January 7, 2011.

Each officer's 2007 Employment Agreement establishes a base salary which is to remain constant throughout the terms of the agreement. The 2007 Employment Agreements also establish an incentive bonus amount based of the achievement of defined goals to be established annually by the compensation committee. Except with respect to Mr. Taylor's employment agreement, the amount of the annual base bonus may be increased 5% each year through the fiscal year 2010, provided that there has been an appropriate increase in the goals to be achieved each year, as determined by the compensation committee. Except with respect to Mr. Taylor's employment agreement, each officer's 2007 Employment Agreement provides for the granting of restricted stock units, the conditional right to receive shares of our Class A common stock upon vesting. Twenty-five percent of each officer's restricted stock units will vest each year on January 7 over a four-year period. 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 underlying philosophy reflected in the 2007 Employment Agreements was to provide the Named Executive Officers with a compensation package which, in total, would promote the profitability of the Company and which was a pragmatic response to external market conditions; that is, 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 stockholders.

To assist them in the determination of the compensation packages under the 2007 Employment Agreements, the compensation committee retained the Mercer human resources consulting firm to provide services. Mercer was asked to gather actual data for positions the same as or similar to those of the Named Executive Officers. The compensation committee requested that data be presented for the following companies: Applebee's International; Benihana; BJ's Restaurants; Buffalo Wild Wings; California Pizza Kitchen; Cheesecake Factory; Bob Evans Farms; IHOP; Morton's Restaurant; O'Charley's; Panera Bread; Rare Hospitality International; Red Robin Gourmet Burgers; Ruby Tuesday; and Ruth's Chris Steak House. These companies were selected on the basis of their size, complexity, revenue and/or segment of the restaurant industry relative to the Company.

The compensation committee did not strive to target any specified percentile of any element of the peer companies' compensation. 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 below taking into account all surrounding facts and circumstances.



**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. The actual amounts paid to each Named Executive Officer during the fiscal year 2008 are more fully described in "Executive Compensation."

Each officer's 2007 Employment Agreement established an annual salary as shown in the table below which is to remain constant throughout the term of the agreement.

	<b>Annual Salary (\$)</b>
G.J. Hart President, Chief Executive Officer	600,000
Scott M. Colosi Chief Financial Officer	300,000
W. Kent Taylor Chairman	300,000
Steven L. Ortiz Chief Operating Officer	460,000
Sheila C. Brown General Counsel, Corporate Secretary	225,000

*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 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.

Each year, the compensation committee establishes a new annual target for the Named Executive Officers under the existing incentive compensation program. In February 2008, an EPS target of \$0.56 to \$0.59 was approved. The annual target represented management's estimate of EPS for the fiscal year 2008, and reflected earnings per share growth of ten to 15 percent as compared to the EPS achieved for the fiscal year 2007. Depending on the level of achievement of the EPS target each year, the bonus may be reduced to a minimum of \$0 or increased to a maximum of two times the base amount. The base, minimum and maximum amounts payable to each officer are shown in the table below. Each \$0.005 change from the EPS target results in an increase or decrease of 7% to the base bonus amount within the range specified. For example, if we achieved \$0.595 of EPS, the bonus payable would have been 107% of the base bonus amount. Conversely, if we achieved \$0.555, the bonus payable would have been 93% of the base bonus amount. The annual target can be adjusted for acquisitions or divestitures, accounting changes and other extraordinary events as noted by the compensation committee. In February 2009, the committee authorized bonus payments of 54% of each officer's base bonus after making adjustments for accelerated site abandonment costs and for a write-down of receivables and royalties due from franchisees. The actual amounts earned by each Named Executive Officer during fiscal year 2008 are more fully described in "Executive Compensation."

We pay bonuses on a quarterly basis, based upon achievement of quarterly targets that equal, in the aggregate, the annual target.

**Executive Incentive Compensation for the Fiscal Year 2008**

<b>Name</b>	<b>Base Bonus \$</b>	<b>Minimum Bonus \$</b>	<b>Maximum Bonus \$</b>
G.J. Hart	600,000		1,200,000
Scott M. Colosi	250,000		500,000
W. Kent Taylor	200,000		400,000
Steven L. Ortiz	400,000		800,000
Sheila C. Brown	100,000		200,000

*Stock Awards*

We have historically granted options to approximately 1,000 employees, including our Named Executive Officers except Mr. Taylor. Under our 2004 Equity Incentive Plan, the exercise price of stock options is the closing price of our stock on the trading day immediately preceding the date of the grant. It has been our practice to grant options quarterly on the day that follows the third full trading day after the public release of the Company's earnings for the prior fiscal quarter. No stock options were granted to any of the Named Executive Officers during the fiscal year 2008.

Except with respect to Mr. Taylor's employment agreement, the 2007 Employment Agreements provide for the granting of restricted stock units, where each unit represents the conditional right to receive one share of our Class A common stock upon satisfaction of the vesting requirements. We believe that restricted stock units, like stock options, offer the Named Executive Officers a financial interest in the Company and align their interests with those of our stockholders. Similar to stock options, the value of a restricted stock unit is dependent upon the price of our Class A common stock on the date of vesting. Therefore, a recipient of a restricted stock unit is motivated to improve the Company's performance in the hope that the performance will be reflected by the stock price. Restricted stock units also serve to retain the Named Executive Officers as they vest in 25% increments each year on January 7 over a four-year period. The numbers of restricted stock units granted to each officer reflect each officer's job responsibilities and individual contribution to the success of the Company. The numbers of restricted stock units granted are shown in the table below. Mr. Taylor requested that he not be granted any restricted stock units, as he believes his interests are well-aligned with those of our other stockholders. The compensation committee honored his request.

	<b>Restricted Stock Units</b>
G.J. Hart	240,000
Scott M. Colosi	125,000
W. Kent Taylor	
Steven L. Ortiz	175,000
Sheila C. Brown	75,000

During the fiscal year 2008, we awarded restricted stock units in lieu of stock options to those employees who had been eligible to receive stock options. We continued our practice of granting these awards quarterly on the day that follows the third full trading day after the public release of the Company's earnings for the prior fiscal quarter.

**Separation and Change in Control Arrangements**

The 2007 Employment Agreements provide that, except in the event of a change in control, no severance will be paid to Messrs. Hart, Taylor or Ortiz upon termination of employment, but each is entitled to receive a crisp \$100 bill if his employment is terminated by us without cause before the end of the term. Except in the event of a change in control, the employment agreements with Mr. Colosi and Ms. Brown provide that if we terminate either of their employment without cause before the end of the term, and if the officer signs a release of all claims against us, we will pay a severance payment

equal to the officer's base salary for a period of 180 days in addition to 50% of the incentive bonus earned by the officer during the last four full fiscal quarters immediately preceding the fiscal quarter in which the termination occurred. 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 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.

The employment agreements with each of the officers 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 change in control because he or she is required to move, the Company's successor does not agree to be bound by the agreement, or the officer's duties, 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 through the end 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 us. 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 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.

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

#### **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 30, 2008.

All members of the compensation committee concur in this report.

James F. Parker, Chair  
Martin T. Hart  
Gregory N. Moore  
James R. Ramsey  
James R. Zarley\*

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\*

Mr. Zarley was appointed to the committee on January 31, 2008.

#### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The compensation committee of the Board is comprised of Messrs. Martin Hart, Moore, Parker, Ramsey and Zarley, each a non-employee director of the Company. None of our executive officers serve on the compensation committee or board of directors of any other company of which any members of our compensation committee or any of our directors is an executive officer.

## EXECUTIVE COMPENSATION

The following table sets forth the total compensation paid or accrued for the fiscal years 2008, 2007 and 2006 for G.J. Hart, our President and Chief Executive Officer, Scott M. Colosi, our Chief Financial Officer, and each of our three other most highly compensated executive officers, each of whom were executive officers at the end of the fiscal year 2008.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary	Bonus	Stock	Option	Non-equity	Total
		(\$) (c)	\$(1) (d)	Awards \$(2) (e)	Awards \$(2) (f)	Incentive Plan Compensation \$( (g)	\$( (h)
G.J. Hart President, Chief Executive Officer	2008	600,000		574,564		324,000	1,498,564
	2007	550,000	200		234,805	337,500	1,122,505
	2006	535,000	200		385,321	385,200	1,305,721
Scott M. Colosi Chief Financial Officer	2008	300,000	200	299,252		135,000	734,452
	2007	250,000	200		80,275	129,375	459,850
	2006	237,999	175		137,136	147,660	522,970
W. Kent Taylor Chairman of the Company	2008	300,000				108,000	408,000
	2007	300,000				187,500	487,500
	2006	300,000				214,000	514,000
Steven L. Ortiz Chief Operating Officer	2008	460,000	200	418,953		216,000	1,095,153
	2007	420,000	200		144,495	225,000	789,695
	2006	414,000	200		264,907	256,800	935,907
Sheila C. Brown General Counsel, Corporate Secretary	2008	225,000	200	179,551	28,967	54,000	487,718
	2007	175,000	200		125,124	56,250	356,574
	2006	167,500	6,700		192,501	64,200	430,901

(1) This column represents holiday bonus awards paid to the Named Executive Officers for the fiscal years ended December 30, 2008, December 25, 2007 and December 26, 2006. In addition, Ms. Brown was awarded a discretionary bonus in the fiscal year 2006 in connection with her receipt of an employee recognition award.

(2) Columns (e) and (f) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal years ended December 30, 2008, December 25, 2007 and December 26, 2006, in accordance with SFAS 123R of awards pursuant to the Company's equity incentive program and thus include amounts from awards granted prior to, as well as in, fiscal year 2008, because the expense is being recognized over each award's vesting period. Assumptions used in the calculation of these amounts for fiscal years ended December 26, 2006, December 25, 2007 and December 30, 2008 are included in Footnote 2(s) "Summary of Significant Accounting Policies Equity Incentive Plan" and Footnote 13 "Share-based Compensation" to the Company's audited financial statements for the fiscal year ended December 30, 2008, included in the Company's Annual Report on Form 10-K filed with the SEC on February 27, 2009.

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 employment. Additional information on all outstanding stock and

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option awards is reflected in the "Grants of Plan-Based Awards Table" and the "Outstanding Equity Awards at Fiscal Year End Table."

### Grants of Plan-Based Awards in Fiscal Year 2008

The following table presents information with respect to grants of stock awards to the Named Executive Officers during fiscal year 2008. All information relates solely to our Class A common stock.

**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)
G.J. Hart	January 14, 2008	240,000	574,564
Scott M. Colosi	January 14, 2008	125,000	299,252
W. Kent Taylor			
Steven L. Ortiz	January 14, 2008	175,000	418,953
Sheila C. Brown	January 14, 2008	75,000	179,551

- (1) Each stock award listed in column (c) are restricted stock units, where each unit represents the conditional right to receive one share of our Class A common stock upon satisfaction of vesting requirements. Each officer's restricted stock units vest in 25% increments on each January 7 of 2009, 2010, 2011 and 2012. 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 dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 30, 2008 in accordance with SFAS 123R of awards pursuant to the Company's equity incentive program. For restricted stock units, fair value is equal to the closing price of the company's Class A common stock on the trading day immediately preceding the date of the grant, which was \$9.77.

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 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 employment.

### Outstanding Equity Awards

The following table presents information with respect to outstanding stock option and stock awards as of December 30, 2008 by the Named Executive Officers. All information relates solely to our Class A common stock.

## Outstanding Equity Awards at Fiscal Year End Table

Name (a)	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options (#) (c)	Option Exercise Price (\$) (d)	Option Expiration Date (1) (e)	Number of Shares or Units of Stock That Have Not Vested (#)(2) (f)	Market Value of Shares or Units of Stock That Have Not Vested \$(3) (g)
G.J. Hart	57,000		8.75	10/08/2014(i)	240,000	1,752,000
	57,000		8.75	10/08/2014(ii)		
	277,876		8.75	10/08/2014(iii)		
Scott M. Colosi	19,020		3.45	09/09/2012(iv)	125,000	912,500
	93,480		3.45	09/09/2012(iv)		
	18,750		8.75	10/08/2014(ii)		
	29,020		3.45	09/09/2012(v)		
	42,230		3.45	09/09/2012(v)		
	95,000		8.75	10/08/2014(iii)		
	29,020		3.45	09/09/2012(vi)		
42,230		3.45	09/09/2012(vi)			
W. Kent Taylor			NA	NA		NA
Steven L. Ortiz	28,500		3.03	04/03/2012(vii)	175,000	1,277,500
	9,534		3.03	04/03/2012(vii)		
	28,364		3.45	07/03/2012(viii)		
	9,242		3.45	07/03/2012(viii)		
	7,866		3.79	10/02/2012(ix)		
	27,788		3.79	10/02/2012(ix)		
	8,312		4.04	04/02/2013(x)		
	2,986		4.44	07/02/2013(xi)		
	9,168		4.44	07/02/2013(xi)		
	2,568		4.53	10/01/2013(xii)		
	8,882		4.53	10/01/2013(xii)		
	3,098		4.59	12/31/2013(xiii)		
	8,488		4.59	12/31/2013(xiii)		
	7,402		8.75	10/04/2014(xiv)		
	28,160		8.75	10/04/2014(xiv)		
	57,000		8.75	10/08/2014(i)		
57,000		8.75	10/08/2014(ii)			
171,000		8.75	10/08/2014(iii)			
Sheila C. Brown	11,138		8.75	10/04/2014(xiv)	75,000	547,500
	20,626		14.25	03/04/2015(xv)		
	20,626		14.25	03/04/2015(xvi)		
	61,874		14.25	03/04/2015(xvii)		

(1)

The option vesting dates are as follows:

(i) 10/08/2005	(vii) 04/03/2003	(xiii) 12/31/2004
(ii) 10/08/2006	(viii) 07/03/2003	(xiv) 10/04/2005
(iii) 10/08/2007	(ix) 10/02/2003	(xv) 03/04/2006
(iv) 09/09/2006	(x) 04/02/2004	(xvi) 03/04/2007
(v) 09/09/2007	(xi) 07/02/2004	(xvii) 03/04/2008

(vi) 09/09/2008

(xii) 10/01/2004

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

- (2) Each officer's restricted stock units vest in 25% increments on each January 7 of 2009, 2010, 2011 and 2012. 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 30, 2008 of \$7.30 per share.

### Option Exercises

The following table presents information with respect to stock options exercised during the fiscal year ended December 30, 2008 by the Named Executive Officers. All option information relates solely to our Class A common stock.

#### Option Exercises and Stock Vested Table

Name (a)	Option Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)(1)
G.J. Hart	793,246	6,643,804
Scott M. Colosi	15,000	76,250
W. Kent Taylor		NA
Steven L. Ortiz		NA
Sheila C. Brown		NA

- (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.

### Termination, Change of Control and Change of Responsibility Payments

The following table lists the estimated amounts payable to a Named Executive Officer if his or her employment had been terminated without cause unrelated to a change of control on December 30, 2008, the last day of our fiscal year, provided that each officer signed a full release of all claims against us.

#### Termination Payments Table

Name (a)	Estimated Payments (\$)(1) (b)	Estimated Value of Newly Vested Stock Awards	
		(\$)(2) (c)	Total (\$) (d)
G.J. Hart	100	1,752,000	1,752,100
Scott M. Colosi	226,617	912,500	1,139,117
W. Kent Taylor	100	NA	100
Steven L. Ortiz	100	1,277,500	1,277,600
Sheila C. Brown	142,990	547,500	690,490

- (1)



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Messrs. Hart, 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

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circumstances, he would have received the amount of his annual base salary then in effect (\$300,000) for 180 days, plus 50% of the bonus he earned (\$157,344) during the four quarters preceding the fourth quarter of the fiscal year 2008. If the employment of Ms. Brown had been terminated under those circumstances, she would have received the amount of her annual base salary then in effect (\$225,000) for 180 days, plus 50% of the bonus she earned (\$64,063) during the four quarters preceding the fourth quarter of the fiscal year 2008.

(2)

Except with respect to Mr. Taylor, who has no restricted stock units, each officer's restricted stock units would have become immediately exercisable 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 Class A common stock on December 30, 2008, which was \$7.30. 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 30, 2008.

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 30, 2008, 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 Payments \$(1) (b)	Estimated Value of Newly Vested Stock Awards \$(2) (c)	Total \$( (d)
G.J. Hart	2,411,538	1,752,000	4,163,538
Scott M. Colosi	1,105,769	912,500	2,018,269
W. Kent Taylor	1,005,769	NA	1,005,769
Steven L. Ortiz	1,728,846	1,277,500	3,006,346
Sheila C. Brown	654,327	547,500	1,201,827

(1)

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 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 30, 2008, each officer would have continued to receive payment through January 7, 2011.

The table below details the estimated payment for each officer.

Name (a)	Salary \$( (b)	Bonus \$( (c)	Total Estimated Payments \$( (d)
G.J. Hart	1,211,538	1,200,000	2,411,538
Scott M. Colosi	605,769	500,000	1,105,769
W. Kent Taylor	605,769	400,000	1,005,769
Steven L. Ortiz	928,846	800,000	1,728,846
Sheila C. Brown	454,327	200,000	654,327

(2)

Except with respect to Mr. Taylor, who has no restricted stock units, each officers' restricted stock units would have become immediately exercisable upon a termination of his or her employment

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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 Class A common stock on December 30, 2008, which was \$7.30. 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 30, 2008.

**AUDIT COMMITTEE REPORT**

The audit committee of the Board is composed of three directors, all of whom are "independent," as that term is defined under NASDAQ Marketplace Rule 4200(a)(15) and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the SEC. 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](http://www.texasroadhouse.com).

The purpose of the audit committee is to assist the Board in its general oversight of the Company. The primary responsibilities of the audit committee are to oversee and monitor the integrity of the Company's financial reporting process, financial statements and systems of internal controls; the Company's compliance with legal and regulatory requirements; the independent auditors' qualifications, independence and performance; and the performance of the Company's internal audit function. The audit committee is responsible for the selection, retention, supervision and termination of the independent auditors, including resolving disagreements between management and the independent auditors. The audit committee is also responsible for reviewing the adequacy of the authority, responsibilities and functions of the Company's internal audit department.

The audit committee is not responsible for conducting reviews of auditing or accounting procedures. Management of the Company has primary responsibility for preparing the Company's financial statements and for the Company's financial reporting process, including primary responsibility for establishing, maintaining and evaluating the effectiveness of internal control over financial reporting. The Company's independent auditors are responsible for auditing and reporting on the conformity of the Company's consolidated financial statements to accounting principles generally accepted in the United States. The independent auditors are also responsible for auditing and reporting on the effectiveness of the Company's internal control over financial reporting. The audit committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the independent auditors on the basis of the information it receives, discussions with the independent auditors and the experience of the audit committee's members in business, financial and accounting matters.

In this context, 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 30, 2008 (the "Audited Financial Statements").

The audit committee met 15 times during the fiscal year 2008. 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 the Company's Chief Financial Officer and the Company's General Counsel;

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 confidential, anonymous reporting mechanisms 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;

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The audit committee reviewed and discussed the Company's Audited Financial Statements for the fiscal year 2008 with management;

The audit committee discussed with KPMG LLP, the Company's independent auditors for the fiscal year 2008, the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*;

The audit committee received from the independent auditors the written disclosures regarding auditor independence and the letter required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), discussed with KPMG LLP its independence from the Company and management, and determined that KPMG LLP's provision of non-audit services to the Company was compatible with the auditors' independence;

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

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

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 30, 2008, 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

### Fees Paid to the Independent Auditors

We paid the following fees to KPMG LLP for fiscal years 2008 and 2007:

	2008	2007
Audit Fees	\$557,500	\$569,500
Audit-related Fees	2,500	13,500
Tax Fees		
All Other Fees		
	\$560,000	\$583,000

### Audit Fees

KPMG LLP charged \$557,500 and \$569,500 in fiscal years 2008 and 2007, respectively, for professional services in connection with the audit of the Company's annual financial statements and its internal control over financial reporting and for the 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 charged \$2,500 and \$13,500 in fiscal years 2008 and 2007, respectively, for professional services related to reviews of specific restaurants' sales for licensing purposes.

*Tax Fees*

KPMG LLP did not perform any tax consulting services in fiscal years 2008 and 2007.

*All Other Fees*

KPMG LLP did not bill the Company for any fees for products and services rendered in fiscal years 2008 and 2007 other than those reported in the foregoing paragraphs.

*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 while allowing the Company to enter into the agreements, but to specifically pre-approve all services to be provided by the firm which performs the annual audit of the Company's financial statements and internal control over financial reporting.

**CERTAIN RELATIONSHIPS AND 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% stockholders, 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. Except as specifically noted, the transactions described below were entered into prior to our IPO, and we were contractually obligated to perform under these agreements prior to the formation of the audit committee.

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**Grants of Franchise or License Rights**

We have licensed or franchised restaurants to companies owned in part by the executive officers, directors and 5% stockholders listed below. The licensing or franchise fees paid by these companies to us range from 0.0% to 3.5% of restaurant sales.

<b>Restaurant</b>	<b>Name and Ownership</b>	<b>Initial Franchise Fee</b>	<b>Royalty Rate</b>	<b>Fees Paid to Us in Fiscal 2008 (\$ in thousands)</b>
Billings, MT	W. Kent Taylor (55.0%) Scott M. Colosi (2.0%)		3.5%	150.4
Bossier City, LA	Steven L. Ortiz (66.0%)		3.5%	133.1
Brownsville, TX	G.J. Hart (60.62%) Steven L. Ortiz (30.3%)		3.5%	179.3
Everett, MA	W. Kent Taylor (59.0%)		3.5%	238.0
Fargo, ND	G.J. Hart (83.84%) Scott M. Colosi (5.05%)		3.5%	147.8
Longmont, CO	Steven L. Ortiz (47.5%)		3.5%	123.4
Melbourne, FL(1)	W. Kent Taylor (34.0%)			89.6
McKinney, TX	G.J. Hart (30.0%) Steven L. Ortiz (30.0%) Scott M. Colosi (2.0%)		3.5%	152.2
Muncie, IN(2)	W. Kent Taylor (11.48%)	\$ 50,000 per year		50.0
New Berlin, WI	G.J. Hart (30.0%) Steven L. Ortiz (30.0%) Scott M. Colosi (2.0%)		3.5%	108.7
Omaha, NE	G.J. Hart (62.5%) Scott M. Colosi (10.0%)		3.5%	166.4
Port Arthur, TX	W. Kent Taylor (30.0%) G.J. Hart (30.0%) Steven L. Ortiz (30.5%) Scott M. Colosi (3.0%)		3.5%	190.6
Temple, TX	Steven L. Ortiz		3.5%	135.1

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(78.0%)

Wichita, KS

W. Kent Taylor

3.5%

239.2

(51.1%)

Scott M. Colosi (4.0%)

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(1) Licensed restaurant which opened in September 1996. In lieu of royalties, the entity pays supervision fees.

(2) Licensed restaurant which opened in November 1996.

We have 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 2008, we received no payment from this franchise restaurant, as none was due. The executive officers will not be granted any additional franchise rights.



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The franchise agreements and preliminary franchise agreements that we have entered into with our executive officers, directors and 5% stockholders contain the same terms and conditions as those agreements that we enter into with our other franchisees, with the exception of the initial franchise fees and the royalty rates, which are currently \$40,000 and 4.0%, respectively, for our other franchisees. With the exception of the Melbourne, FL and Muncie, IN licensed restaurants, we have the contractual right, but not the obligation, to acquire the restaurants owned by our executive officers, directors and 5% stockholders based on a pre-determined valuation formula which is the same as the formula contained in the 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 dies, becomes disabled or 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.

### Other Related Transactions

The Longview, Texas restaurant, which was acquired by us in connection with the completion of our IPO, 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. The lease can be renewed for two additional periods of five years each. Rent is approximately \$16,000 per month and will increase by 5% on the 11th anniversary date of the lease. 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 2008 were approximately \$196,000.

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. The lease can be renewed for three additional periods of five years each. Rent is approximately \$15,100 per month for the first five years of the lease 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 2008 were approximately \$181,000. 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' 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 G.J. Hart owns 83.84% and 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 2014, the Everett lease expires in February 2018 and the Fargo lease expires in July 2016.

## STOCKHOLDER PROPOSALS

Under Rule 14a-8 promulgated under the Securities Exchange Act of 1934 ("Exchange Act"), stockholders may present proposals to be included in the Company proxy statement for consideration at the next annual meeting of its stockholders 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, copies of which are available from the Company's Corporate Secretary, require stockholders who intend to propose business for consideration by stockholders at the 2010 Annual Meeting, other than stockholder proposals that are included in the proxy statement, to deliver written notice to the principal executive offices of the Company on or before December 11, 2009. This notice must include a description of the business desired to be brought before the annual meeting, the name and address of the stockholder 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 stockholder and such other beneficial owner and any material interest of the stockholder and such other beneficial owner in such business. Similar requirements are set forth in the Company's by-laws with respect to stockholders desiring to nominate candidates for election as director. If a stockholder submitting a matter to be raised at the Company's next annual meeting or a candidate for election as director desires that such matter or candidate be included in the Company's proxy statement, such matter or candidate must be submitted to the Company no later than December 11, 2009.

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

## STOCKHOLDERS' COMMUNICATIONS WITH THE BOARD

Stockholders that want to communicate in writing with the Board, or specified directors individually, may send proposed communications to the Company's Corporate Secretary, Sheila C. Brown, at 6040 Dutchmans Lane, Suite 200, Louisville, Kentucky 40205. The proposed communication will be reviewed by the audit committee and the General Counsel. If the communication is appropriate and serves to advance or improve the Company or its performance, contains no objectionable material or language, is not unreasonable in length, and is directly applicable to the business of the Company, it is expected that the communication will receive favorable consideration for presentation to the Board or appropriate director(s).

## 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 30, 2008.

## FORM 10-K

The Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2008, accompanies this proxy statement. The Company's Annual Report does not form any part of the material for solicitation of proxies.

**Any stockholder who wishes to obtain, without charge, a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2008, which includes financial statements, and is required to be filed with the SEC, may access it at [www.texasroadhouse.com](http://www.texasroadhouse.com) in the Investors section or may send a written request to Sheila C. Brown, Corporate Secretary, Texas Roadhouse, Inc., 6040 Dutchmans Lane, Suite 200, Louisville, Kentucky 40205.**

**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,

**Sheila C. Brown**  
**Corporate Secretary**

Louisville, Kentucky  
April 10, 2009

*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.*























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