

JAMBA, INC.  
Form DEF 14A  
March 28, 2014

**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

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 Rule to §240.14a-11(c) or §240.14a-12

**Jamba, 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(1)(1) and 0-11.

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[ ]

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March 28, 2014

TO THE STOCKHOLDERS OF  
JAMBA, INC.:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of Jamba, Inc. (the Company) (the 2014 Annual Meeting) on May 9, 2014, at 8:00 a.m. local time, which will be held at the Company's principal offices, located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608.

Details of business to be conducted at the Annual Meeting are described in the Notice of Annual Meeting of Stockholders and Proxy Statement. At the 2014 Annual Meeting, the Company will present a report on its operations during the past year and respond to questions from stockholders. Accompanying this Proxy Statement is the Company's 2013 Annual Report to Stockholders.

The Company is pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet. We believe that these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. On or about March 28, 2014, you were provided with a Notice of Internet Availability of Proxy Materials (Notice) and provided access to our proxy materials over the Internet. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail.

We hope that you will attend the 2014 Annual Meeting. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone, by Internet or, if you have received a paper copy of your proxy materials by mail, by completing, signing, dating and returning your proxy card in the envelope provided.

Sincerely yours,

JAMES D. WHITE  
*Chairman, President and Chief Executive Officer*

**YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the 2014 Annual Meeting of Stockholders, we urge you to vote and submit your proxy by telephone, the Internet or by mail in order to ensure the presence of a quorum. If you attend the meeting and do not hold your shares through an account with a brokerage firm, bank or other nominee, you will have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from**

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the 2014 Annual Meeting of Stockholders,

**them to vote your shares and revoke your vote, if necessary.**

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**JAMBA, INC.**  
**6475 Christie Avenue, Suite 150**  
**Emeryville, California 94608**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 9, 2014**

Dear Stockholder:

You are invited to attend the 2014 Annual Meeting of Stockholders of Jamba, Inc., a Delaware corporation (the Company) (the 2014 Annual Meeting), which will be held at the Company's principal offices located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608 on May 9, 2014, at 8:00 a.m. local time, for the following purposes:

1. To elect eight nominees as directors to serve until the next annual meeting of stockholders and until their successors have been elected and qualified.
2. To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 30, 2014.
3. To vote on a non-binding advisory resolution regarding executive compensation.
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 21, 2014 are entitled to notice of, and to vote at, the 2014 Annual Meeting and any adjournment or postponement thereof. For ten days prior to the 2014 Annual Meeting, a complete list of stockholders entitled to vote at the 2014 Annual Meeting will be available for examination by any stockholder, for any purpose relating to the 2014 Annual Meeting, during ordinary business hours at our principal offices located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608.

By Order of the Board of Directors,

KAREN L. LUEY  
*Secretary*

Emeryville, California  
March 28, 2014

**IMPORTANT:** Please vote and submit your proxy by telephone, the Internet or, if you have received a paper copy of the proxy materials by mail, by completing and promptly mailing your proxy card in the postage-paid envelope provided to assure that your shares are represented at the meeting.

# **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 9, 2014**

This Proxy Statement relating to the 2014 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2013 are available at [www.proxyvote.com](http://www.proxyvote.com).

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# PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is solicited by the Board of Directors of Jamba, Inc., a Delaware corporation ( Jamba, Company, we, us, and our ), for use at its 2014 Annual Meeting of Stockholders to be held on May 9, 2014, or an adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and the enclosed proxy are being made available to stockholders on or about March 28, 2014.

## SOLICITATION AND VOTING

*Voting Securities.* Only stockholders of record as of the close of business on March 21, 2014 (the Record Date ) will be entitled to vote at the meeting and any postponement or adjournment thereof. As of the Record Date, there were 17,190,983 shares of common stock of the Company (the Common Stock ) outstanding, all of which are entitled to vote with respect to all matters to be acted upon at the 2014 Annual Meeting.

Each stockholder of record as of the Record Date is entitled to one vote for each share of Common Stock held by him or her. Our Bylaws provide that the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation of the Company, as amended to date (the Restated Certificate ). Our current Restated Certificate does not have any other requirements for a quorum of the stockholders. Votes for and against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum.

*Broker Non-Votes.* A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in street name ) but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the ratification of selection of auditors. Non-routine matters include the election of directors.

*Solicitation of Proxies.* We will bear the cost of soliciting proxies. In addition to soliciting stockholders by mail through our employees, we will request banks, brokers and other custodians, nominees and fiduciaries to solicit customers for whom they hold our stock and will reimburse them for their reasonable, out-of-pocket costs. We may use the services of our employees, officers, directors and others to solicit proxies, personally or by telephone, without additional compensation.

*Voting of Proxies.* Stockholders whose shares are registered in their own names may vote (1) by returning a proxy card, (2) via the Internet at [www.proxyvote.com](http://www.proxyvote.com), or (3) by telephone at 1-800-690-6903. Specific instructions to be followed by any registered stockholder interested in voting via the Internet or by telephone are set forth in the notice by mail described below or, if you receive a paper copy of the proxy materials, on the proxy card provided.

*Notice and Access Model.* The SEC's proxy rules set forth how companies must provide proxy materials. These rules are often referred to as notice and access. Under the notice and access model, a company may select either of the following options for making proxy materials available to stockholders: (i) the full set delivery option; or (ii) the

notice only option. A company may use a single method for all its stockholders, or use full set delivery for some while adopting the notice only option for others. We must comply with these rules in connection with our 2014 Annual Meeting.

Under the full set delivery option a company delivers all proxy materials to its stockholders by mail or, if a stockholder has previously agreed, electronically. In addition to delivering proxy materials to stockholders, the Company must post all proxy materials on a publicly-accessible web site (other than the SEC's web site) and provide information to stockholders about how to access that web site and the hosted materials. Under the notice only option, instead of delivering its proxy materials to stockholders, the Company instead delivers a Notice of Internet Availability of Proxy Materials which outlines (i) information regarding the date and time of the meeting of stockholders as well as the items to be considered at the meeting; (ii) information regarding

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the web site where the proxy materials are posted; and (iii) various means by which a stockholder can request paper or email copies of the proxy materials.

In connection with our 2014 Annual Meeting, we have elected to use the notice only option. Accordingly, you should have received a notice by mail instructing you how to access proxy materials at <http://www.proxyvote.com> and providing you with a control number you can use to vote your shares. You may request that the Company deliver paper copies of the proxy materials as well.

All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal. A stockholder whose shares are registered in their own name has the power to revoke his or her proxy at any time before it is exercised by delivering to the Secretary of the Company a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person. If you hold shares in street name, through a bank, broker or other nominee, please contact the bank, broker or other nominee to revoke your proxy.

## **Annual Meeting Attendance**

You are entitled to attend the 2014 Annual Meeting only if you were a Company stockholder as of the Record Date or you hold a valid proxy for the 2014 Annual Meeting. Since seating is limited, admission to the meeting will be on a first-come first-served basis. You should be prepared to present photo identification for admittance. If you are not a stockholder of record but hold shares as a beneficial owner through a broker, bank, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to the Record Date, a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or other similar evidence of ownership. In addition, the Notice will serve as proof of stock ownership as of the Record Date.

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# PROPOSAL NO. 1 ELECTION OF DIRECTORS

In accordance with the Company's bylaws (the Bylaws), the Board of Directors of the Company (hereinafter referred to as the Board or the Board of Directors) has currently set the size of the Board at nine members and there are currently nine members serving. The terms of the current directors expire upon the election and qualification of the directors to be elected at the 2014 Annual Meeting. The Board has nominated eight persons for election at the 2014 Annual Meeting to serve until the 2015 Annual Meeting of Stockholders and until their successors are duly elected and qualified. All nominees for election to the Board are presently directors of Jamba. Brian Swette has not been nominated for re-election but will continue to serve through the end of his current term. Because the Board of Directors remains in the process of seeking candidates for the vacant position on the Board of Directors, we have fewer nominees named than the number fixed by a resolution adopted by the Board of Directors. Stockholders may not vote for a greater number of persons than the number of nominees named. Set forth below is information regarding the nominees to the Board for election as a director.

Each nominee has agreed to be named in this proxy statement and to serve if elected. If any of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although we know of no reason to anticipate such an occurrence), the proxies may be voted for such substitute nominee(s) as we may designate.

If a quorum is present and voting, each of the eight nominees receiving a higher number of votes cast for such nominee than against such nominee will be elected. Proxies cannot be voted for more than eight nominees. Abstentions, broker non-votes and withheld votes will not count towards election of any director nominee. Under our Bylaws, if an incumbent director standing for re-election is not re-elected, the director shall tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject such director's resignation. The Board will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The Nominating and Corporate Governance Committee in making its recommendation, and the Board in making its ultimate decision, may each consider any factors or other information that they consider appropriate and relevant. The director who tenders his or her resignation will not participate in the recommendation of the Nominating and Corporate Governance Committee or the Board's decision with respect to his or her resignation.

If a director's resignation is accepted by the Board, then the Board may fill the resulting vacancy or may decrease the size of the Board as permitted by our Bylaws.

The eight Company nominees to the Board to serve until the next 2015 Annual Meeting and until their successors have been duly elected and qualified are as follows:

Name	Age	Director Since
James D. White	53	2008
Lesley H. Howe	69	2007
Richard L. Federico	59	2006
Andrew R. Heyer	56	2009
Michael A. Depatie	57	2010

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Lorna Donatone	56	2013
David A. Pace	54	2012
Marvin Igelman	51	2012

The principal occupations and qualifications of each of the eight Company nominees for director are as follows. There are no family relationships among any of our directors or executive officers.

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**JAMES D. WHITE** has served as a member of our Board of Directors and our President and Chief Executive Officer since December 2008. He was appointed Chairman of the Board at the 2010 Annual Meeting. Previously, Mr. White was Senior Vice President of Consumer Brands for Safeway, Inc. with responsibility for brand strategy, innovation, manufacturing and commercial sales from 2005 to 2008. Prior to Safeway, Mr. White was Senior Vice President of Business Development, North America at the Gillette Company, where his responsibilities included centralized marketing, sales, retail execution, marketing planning and Canadian operations from 2002 to 2005. Mr. White also held executive and management roles with Nestlé Purina from 1987 to 2005, including Vice President, Customer Interface Group from 1999 to 2002, and Vice President, Customer Development East from 1997 to 1999. Mr. White is a member of the Board of Directors of Daymon Worldwide and Hillshire Brands. Mr. White's position as our President and Chief Executive Officer and his extensive consumer products and senior management experience make him particularly qualified for service on our Board.

**LESLEY H. HOWE** has been a member of our Board of Directors since December 2007. Mr. Howe has over 40 years of financial and management experience, spending more than 30 years with the international accounting firm of KPMG LLP, where he was a senior partner and from 1994-1997 served as Area Managing Partner for the Los Angeles office. He served as Chief Executive Officer of Consumer Networks LLC, a San Diego-based internet marketing and promotions company from 2001 until its sale in 2007. Mr. Howe is a former member of the Board of Directors P.F. Chang's China Bistro Inc., and current member of the Board of Directors of NuVasive, Inc. and Volcano Corporation. Mr. Howe serves as Lead Director. The Lead Director chairs executive sessions of Jamba's independent directors and has the authority to call such sessions. The Lead Director also participates in the preparation of agendas and schedules for meetings of the Board, coordinates with the Chairman regarding the flow of information to the directors, serves as a liaison between the independent directors and management, and chairs meetings of the Board in the Chairman's absence. Mr. Howe's extensive experience in public accounting and his financial expertise make him particularly qualified for service on our Board and our Audit Committee of the Board.

**RICHARD L. FEDERICO** has been a member of our Board of Directors since November 2006. Mr. Federico had previously served as a director of Jamba Juice Company from October 2004 to November 2006. Since 1996, Mr. Federico has served as a director of P.F. Chang's China Bistro Inc., and he has served as Chief Executive Officer of P.F. Chang's China Bistro Inc. since 1997. In 2000, Mr. Federico was named Chairman of the Board of P.F. Chang's China Bistro Inc. From 1989 to 1996, Mr. Federico served as President of the Italian Concepts division of Brinker International, Inc., where he was responsible for concept development and operations. Since 2011, Mr. Federico has served on the Board of Directors of Domino's Pizza. Mr. Federico's business acumen and experience in leading a successful publicly-held restaurant concept make him particularly qualified for service on our Board, our Nominating and Corporate Governance Committee of the Board and our Compensation and Executive Development Committee of the Board.

**ANDREW R. HEYER** has been a member of our Board of Directors since June 2009. Mr. Heyer is the Chief Executive Officer and Founder of Mistral Equity Partners, a private equity fund. Prior to founding Mistral, Mr. Heyer served as a Founding Managing Partner of Trimaran Capital Partners, L.L.C., a private equity firm. Mr. Heyer was formerly a vice chairman of CIBC World Markets Corp., and a co-head of the CIBC Argosy Merchant Banking Funds. Prior to joining CIBC World Market Corp. in 1995, Mr. Heyer was a Managing Director at Drexel Burnham Lambert Incorporated and, previous to that, he worked at Shearson/American Express. Mr. Heyer also serves on the Board of Directors of Hain Celestial Group, Worldwide, Inc., XpresSpa, Country Pure, LoveSac, and Vino Volo. Mr. Heyer also currently serves as a Member of the Executive Committee and Board of Trustees of the University of Pennsylvania and the University of Pennsylvania Health System. Mr. Heyer's business, financial and investment experience in the consumer focused product and services industries makes him particularly qualified for service on our Board and our Compensation and Executive Development Committee of the Board.

**MICHAEL A. DEPATIE** has been a member of our Board of Directors since November 2010. Mr. Depatie has served as Chief Executive Officer of Kimpton Hotels and Restaurants, LLC since 2006 and is also a member of Kimpton's Board of Directors. Prior to being elected as Kimpton's Chief Executive Officer, Mr. Depatie served as their president from 2005 having joined the Kimpton family of companies as Chief Executive Officer for real estate for Kimpton Group Holding, LLC in 2003. Kimpton is the largest

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developer and operator of boutique hotels with 60 hotels presently in 26 U.S. cities. Mr. Depatie is responsible for all aspects of Kimpton's development and operating activities. He also oversees the investment of the \$157 million Kimpton Hospitality Partners Fund I, \$202 million Kimpton Hospitality Partners Fund II and the \$203 million Kimpton Hospitality Partners Fund II. Prior to Kimpton, Mr. Depatie held senior finance and development roles in a number of rapidly growing lodging companies including Residence Inn and Summerfield Suites. Prior to his current position, Mr. Depatie was the Chief Financial Officer of Sunterra, a NYSE listed resort hotel vacation ownership company and NYSE listed La Quinta, a national chain of limited service hotels. Mr. Depatie's extensive senior management experience and his financial expertise make him particularly qualified for service on our Board and our Audit Committee of the Board.

**DAVID PACE** has been a member of our Board since August 2012. Mr. Pace is the Executive Vice President and Chief Resources Officer of Bloomington Brands where he is responsible for both the human resources and real estate and development functions of Bloomington Brands, along with the Fleming's and Roy's business units. Prior to joining Bloomington Brands in 2010, Mr. Pace was a management consultant, entrepreneur and not-for-profit leader. He has extensive domestic and international experience overseeing Human Resources for Starbucks Coffee Company, HomeGrocer.com and PepsiCo/YUM Brands along with additional experiences in technology and sports management. Mr. Pace is an adjunct faculty member in Southern Methodist University's Cox Graduate School of Business and is currently Chairman of the Board of Up2US, a rapidly expanding national non-profit focused on improving the health and development of America's young people through sports-based youth development. Mr. Pace has a Bachelor of Science in Industrial and Labor Relations from Cornell University. Mr. Pace's extensive knowledge of the restaurant and food and beverage industries and his senior leadership experience in human resources make him particularly qualified for service on our Board, our Compensation and Executive Development Committee of the Board and our Nominating and Corporate Governance Committee of the Board.

**MARVIN IGELMAN** has been a member of our Board since May 2011. Mr. Igelman is the Chief Executive Officer of Sprylogics International Inc., a semantic search company based in Toronto, Canada. From 2010 to 2011, Mr. Igelman served as a director and the Chief Strategy Officer of Poynt Corporation, a Canadian company that offers mobile location-based search services. From 2006 to 2010, Mr. Igelman served as the Chief Executive Officer of Unomobi Incorporated, a mobile advertising and messaging platform he founded, which was acquired by Poynt Corporation in 2010. From 2002 to 2006, Mr. Igelman served as a business development consultant for numerous technology companies and established a number of other ventures, including founding Unomobi Incorporated. Mr. Igelman serves on the Board of Directors of Catasys Inc. and American Apparel Inc. Mr. Igelman is a graduate of Toronto's Osgoode Hall Law School. Mr. Igelman's extensive business and senior management experience make him particularly qualified for service on our Board and our Nominating and Corporate Governance Committee of the Board.

**LORNA DONATONE** has been a member of our Board of Directors since December 2013. Since February 2010, Ms. Donatone has served as the Chief Operating Officer and Education Market President at Sodexo Education where she oversees operations and strategic growth for Sodexo at college and university campuses, public school districts and private schools in the U.S. Prior to that, Ms. Donatone served in various other leadership roles at Sodexo including President of School Services from September 2007 to February 2010. Ms. Donatone joined Spirit Cruises, LLC, a subsidiary of Sodexo in 1999 and served as its President from 2002 to 2006. She has been a board member of the National Restaurant Association since 2005 and a trustee of the National Restaurant Association Educational Foundation since 2011. Ms. Donatone is the immediate Past Chair of the Board of Directors of the Women's Foodservice Forum and was elected as a member of the Board of Trustees for the Culinary Institute of America in 2008. Ms. Donatone's extensive knowledge of the restaurant and food service industry, senior management experience and financial expertise makes her particularly qualified for service on our Board and our Audit Committee of the Board.

Background information on the officers of the Company other than Mr. White can be found in our Annual Report on Form 10-K filed with the SEC on March 10, 2014 under the heading Executive Officers.

## **Recommendations of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR OUR NOMINEES NAMED ABOVE.**

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## **CORPORATE GOVERNANCE**

### **Director Independence**

The Board of Directors has determined that, except for James D. White, each of the Company director nominees standing for election has no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is an independent director as defined by the applicable NASDAQ rules and the rules and regulations of the Securities and Exchange Commission (the SEC). In determining the independence of our directors, the Board of Directors has adopted the independence standards that mirror the criteria specified by applicable law and regulations of the SEC and the NASDAQ. In making the determination of independence of our non-management directors, the Board of Directors evaluated the independence of Mr. Heyer in connection with past equity transactions with the Company between and the payment of monitoring fees by the Company to Mistral Capital Management, LLC and its affiliates.

### **Board Leadership Structure**

Our Board leadership structure currently consists of a Chairman, a Chief Executive Officer and a Lead Director. In the current structure, the roles of Chief Executive Officer and Chairman of our Board are combined, and the Lead Director is elected annually by all independent directors. James D. White has served as our Chief Executive Officer since 2008 and as Chairman since the 2010 Annual Meeting of Stockholders. Lesley H. Howe has served as our Lead Director since the 2010 Annual Meeting of Stockholders.

The Board believes that Mr. White is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. The Company's independent directors bring experience, oversight and expertise from outside the Company, while the CEO brings Company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer facilitates information flow between management and the Board, which are essential to effective corporate governance.

Additionally, one of the responsibilities of the Board is to work with management to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the combined role of Chairman and Chief Executive Officer, together with an independent Lead Director having the duties described below, is in the best interest of our stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Mr. Howe was appointed in 2010 by the independent members of our Board as our Lead Director. Mr. Howe has been re-appointed Lead Director contingent upon his re-election to the Board at the 2014 Annual Meeting. Mr. Howe's duties as Lead Director include:

- setting the agenda and serving as chairman for the executive sessions of the independent directors;
- servicing as liaison between the Chairman and the independent directors, including communicating to the Chairman, as appropriate, the results of executive sessions of the independent directors;
- ensuring that independent directors have adequate opportunities to meet without management present, including authority to call meetings of the independent directors;



approving the agenda and information sent in connection with Board meetings and ensuring that the other independent directors also have an opportunity to provide input on the agenda;

approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; and  
chairing Board meetings if the Chairman is unable to attend.

Our Board elects our President, Chief Financial Officer, Secretary and all executive officers. All executive officers serve at the discretion of our Board. Each of our officers devotes his or her full time to our affairs. Our directors devote time to our affairs as is necessary to discharge their duties. In addition, our Board has the

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authority to retain its own advisers to assist it in the discharge of its duties. There are no family relationships among any of our directors, officers or key employees.

### **Board's Role in Risk Oversight**

Our Board has an active role, as a whole and also at the committee level, in overseeing management of the risks we face. This role is one of informed oversight rather than direct management of risk. Our Board regularly reviews and consults with management on strategic direction, challenges and risks we face. Our Board also reviews and discusses with management quarterly financial results and forecasts. The Audit Committee of our Board oversees management of financial risks, and its charter tasks the committee to provide oversight of and review at least annually our risk management policies. The Compensation and Executive Development Committee of our Board is responsible for overseeing the management of risks relating to and arising from our executive compensation plans and arrangements. These committees provide regular reports to the full Board.

Management is tasked with the direct management and oversight of legal, financial, and commercial compliance matters, which includes identification and mitigation of associated areas of risk. The Chief Financial Officer provides regular reports of legal risks to our Board and committees. The Chief Financial Officer and the Controller provide regular reports to the Audit Committee concerning financial, tax and audit related risks. In addition, the Audit Committee receives periodic reports from management on our compliance programs and efforts, investment policy and practices and the results of various internal audit projects. Management and the Compensation and Executive Development Committee's compensation consultant provide analysis of risks related to our compensation programs and practices to the Compensation and Executive Development Committee.

### **Certain Relationships and Related Transactions**

The Company has entered into indemnity agreements with certain officers and directors which provide, among other things, that Jamba will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of Jamba, and otherwise to the fullest extent permitted under Delaware law and our Bylaws.

Other than the foregoing, there were no relationships or related party transactions in the fiscal year ended December 31, 2013 requiring disclosure in this Proxy Statement.

### **Procedures for Approval of Related Person Transactions**

Any request for us to enter into a transaction with an executive officer, director or employee, or any of such persons immediate family members or affiliates, must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, our Audit Committee will review each such transaction for potential conflicts of interest or improprieties in a manner consistent with our internal Policy Statement on Related Party Transactions.

### **Executive Sessions**

Non-management directors regularly meet in executive session without management present each time our Board of Directors holds its regularly scheduled meetings.

## Committees and Board Meeting Attendance

The Board of Directors has a standing Audit Committee, a Compensation and Executive Development Committee and a Nominating and Corporate Governance Committee. Each of these committees operates under a written charter adopted by the Board of Directors. Copies of these charters can be obtained on our website by going to <http://ir.jambajuice.com> and following the Corporate Governance link. The Board of Directors holds at least four regular meetings each year, with additional meetings as required. The Board of Directors held twelve (12) meetings during Fiscal 2013, either in person or by teleconference. Each of the standing committees of the Board of Directors held the number of meetings indicated in the table below. During Fiscal 2013, each of our incumbent directors attended at least 75% of the total number of meetings of the Board of

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Directors and all of the committees of the Board of Directors held during the period in which such director served. Our Corporate Governance Principles and Practices provide that our directors are expected to attend the Annual Meeting of Stockholders. Except Messrs. Heyer and Igelman, all of the directors then serving attended the Company's last Annual Meeting of Stockholders held on May 14, 2013.

The following table sets forth the three standing committees of the Board of Directors, the current members and former members of each committee who served during Fiscal 2013 and the number of meetings held by each such committee during Fiscal 2013:

Name of Director	Audit	Compensation and Executive Development	Nominating and Corporate Governance
Michael A. Depatie	Member		
Richard L. Federico		Member	Chair
Brian Swette <sup>(1)</sup>		Member	
Lesley H. Howe	Chair		
Andrew R. Heyer		Member	
Marvin Igelman <sup>(2)</sup>	Former Member		Member
David A. Pace		Chair	Member
Fritzi G. Woods <sup>(3)</sup>	Former Member		
Lorna Donatone <sup>(4)</sup>	Member		
Number of Meetings:	4	4	4

(1) Mr. Swette will continue to serve on our Compensation and Executive Development Committee until the 2014 Annual Meeting of Stockholders.

(2) Mr. Igelman served on our Audit Committee from October 3, 2013 until March 5, 2014.

(3) Ms. Woods served on our Audit Committee until September 18, 2013.

(4) Ms. Donatone was appointed to our Audit Committee on December 2, 2013.

## Audit Committee

The current members of the Audit Committee are Lesley H. Howe (Chair), Michael A. Depatie and Lorna Donatone. Each of the members of the Audit Committee is independent for purposes of the applicable NASDAQ rules and the rules and regulations of the SEC as they apply to Audit Committee members.

With the assistance of the Company's legal counsel, the Nominating and Corporate Governance Committee reviewed the applicable legal standards and criteria to determine audit committee financial expert status, as well as the answers to annual questionnaires completed by the Board members. On the basis of this review, the Nominating and Corporate Governance Committee delivered a report to the full Board. The Board made a determination that all current members of the Audit Committee are audit committee financial experts based upon the Nominating and Corporate Governance Committee's report and each Board member's review of the information made available to the committee.

The Audit Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to <http://ir.jambajuice.com> and following the Corporate Governance link. As more fully defined in the committee's charter, the functions of the Audit Committee include retaining our independent registered public accounting firm, reviewing their independence, reviewing and approving the planned scope of our annual audit, reviewing and approving any fee arrangements with our independent registered public accounting firm, overseeing their audit work, reviewing and pre-approving any non-audit services that may be performed by them,

reviewing the adequacy of accounting and financial controls, reviewing our critical accounting policies and reviewing and approving any related party transactions.

Additional information regarding the Audit Committee is set forth in the Report of the Audit Committee immediately preceding Proposal No. 2.

## **Compensation and Executive Development Committee**

The current members of the Compensation and Executive Development Committee are David A. Pace (Chair), Richard L. Federico, Andrew R. Heyer and Brian Swette. Each of the members of the Compensation

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and Executive Development Committee is independent for purposes of the applicable NASDAQ rules. The Compensation and Executive Development Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to <http://ir.jambajuice.com> and following the Corporate Governance link.

As more fully described in the committee's charter, the primary function of the Compensation and Executive Development Committee is to assist the Board of Directors in managing compensation and development for directors and executives. The Compensation and Executive Development Committee's primary duties and responsibilities are to (i) set compensation philosophy and determine executive compensation; (ii) ensure that all components of executive compensation are consistent with the Company's compensation philosophy as in effect from time to time; (iii) evaluate and make recommendations to the Board of Directors on an annual basis concerning compensation of the members of the Board of Directors; and (iv) work with management to devise and execute on an executive development plan and succession planning and practices for the Company. The Compensation and Executive Development Committee's charter does not provide for any delegation of these duties. In addition, the Compensation and Executive Development Committee has the authority under its charter to hire outside consultants and conduct such compensation reviews, investigations and/or surveys as the Compensation and Executive Development Committee may reasonably deem will provide such information as could reasonably and properly be required by the Compensation and Executive Development Committee in the exercise of its duties and responsibilities.

In setting compensation for our members of the Board of Directors, our executive officers provide suggestions on the administration of compensation for our directors to the Compensation and Executive Development Committee. For a description of the role our executive officers play in determining or recommending the amount or form of executive compensation, please see the section below entitled EXECUTIVE COMPENSATION Compensation Discussion and Analysis.

## **Executive Compensation Processes**

The Compensation and Executive Development Committee has implemented an annual performance review program for our executives under which annual performance goals are determined early in each calendar year for each of our executive officers. These goals may include both corporate goals and individual department specific goals that facilitate the achievement of corporate performance. Semi-annual bonuses are tied to the achievement of these performance goals. The payment of an incentive bonus to our President, Chief Executive Officer and our Chairman is determined by our Board of Directors on recommendation from the Compensation and Executive Development Committee, and the payment of an incentive bonus to our other executive officers is determined by the Compensation and Executive Development Committee on recommendation from the President, Chief Executive Officer, in each case following a review of the achievement of semi-annual performance goals.

For all executives, annual base salary increases and Management Incentive Plan bonuses (second half performance period), to the extent awarded, are implemented during the first calendar quarter of the year. In addition, during the third quarter of each year, the Compensation and Executive Development Committee and Board of Directors grant long-term equity and performance awards Management Incentive Plan bonuses (first half performance period). Newly hired and promoted executives may be granted supplemental awards at a committee meeting following their hiring or promotion dates. The Compensation and Executive Development Committee has the authority to retain compensation consultants and other outside advisors to assist in the evaluation of executive officer compensation. During 2013, the Compensation and Executive Development Committee retained an independent compensation consultant, Frederic W. Cook and Co., Inc., to assist the Compensation and Executive Development Committee with the Company's executive and non-employee director compensation programs.

## **Risk Considerations in Executive Compensation**

Our Compensation and Executive Development Committee has discussed the concept of risk as it relates to our compensation programs, including our executive compensation program, and our Compensation and Executive Development Committee does not believe that our compensation programs encourage excessive or inappropriate risk taking. As described more fully in the section below entitled EXECUTIVE COMPENSATION COMPENSATION Compensation Discussion and Analysis, we structure our pay to consist of both fixed and

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variable compensation. The fixed (or salary) portion of compensation is designed to provide a steady income regardless of our stock price performance so that executives do not feel pressured to focus exclusively on stock price performance to the detriment of other important business metrics. The variable (cash bonus and equity) portions of compensation are designed to reward both intermediate and long-term corporate performance and generally are tied to the achievement of company-wide and individual department-specific goals. Goals are both financial and non-financial, and while largely formula-based, there is also an appropriate level of discretion in determining incentive payouts. We believe that applying company-wide metrics encourages decision-making by our executives that is in the best long-term interest of our company and stockholders. Further, we believe that these variable elements of compensation constitute a sufficient percentage of overall compensation to motivate our executives to produce superior short, intermediate and long-term corporate results, while the fixed element is also substantial enough that our executives are not encouraged to take unnecessary or excessive risks in doing so. Finally, there are additional risk mitigating policies in place such as insider trading prohibitions and independent Compensation and Executive Development Committee oversight.

## **Compensation Committee Interlocks and Insider Participation**

No member of the Compensation and Executive Development Committee is or has been an officer or employee of the Company during Fiscal 2013. During Fiscal 2013, no member of the Compensation and Executive Development Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. During Fiscal 2013, none of the Company's executive officers served on the Compensation and Executive Development Committee or Board of Directors of another entity any of whose executive officers served on the Company's Compensation and Executive Development Committee or Board of Directors.

## **Nominating and Corporate Governance Committee**

The current members of the Nominating and Corporate Governance Committee are Richard L. Federico (Chair), Marvin Igelman and David A. Pace. Each of the members of the Nominating and Corporate Governance Committee is independent for purposes of the applicable NASDAQ rules. The Nominating and Corporate Governance Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to <http://ir.jambajuice.com> and following the Corporate Governance link.

As more fully defined in the committee's charter, the Nominating and Corporate Governance Committee considers qualified candidates for appointment and nomination for election to the Board of Directors and makes recommendations concerning such candidates, develops corporate governance principles for recommendation to the Board of Directors and oversees the regular evaluation of our directors and management.

## **Director Nominations Criteria and Diversity**

The Board of Directors has adopted a Director Qualifications and Nominations Policy, the purpose of which is to describe the process by which candidates for possible inclusion in the Company's slate of director nominees are selected. The Director Qualifications and Nominations Policy is administered by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee annually evaluates the current members of the Board of Directors whose terms are expiring and who are willing to continue in service against the criteria set forth below in determining whether to recommend these directors for election. The Nominating and Corporate Governance



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Committee regularly assesses the optimum size of the Board of Directors and its committees and the needs of the Board of Directors for various skills, background and business experience in determining if the Board of Directors requires additional candidates for nomination.

In fulfilling its responsibilities, the Nominating and Corporate Governance Committee considers, among other things, the following factors in reviewing possible candidates for nomination as director:

the appropriate size of the Company's Board of Directors and its Committees;  
the perceived needs of the Board of Directors for particular skills, background and business experience;

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the skills, background, reputation, and business experience of nominees compared to the skills, background, reputation, and business experience already possessed by other members of the Board of Directors;

nominees' independence from management;

applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;

the benefits of a constructive working relationship among directors; and

the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for any prospective nominee.

While the Nominating and Corporate Governance Committee does not have a formal policy on diversity with regard to consideration of director nominees, the Nominating and Corporate Governance Committee considers diversity in its selection of nominees and seeks to have a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. Our Board of Directors recognizes its responsibility to ensure that nominees for our Board of Directors possess appropriate qualifications and reflect a reasonable diversity of personal and professional experience, skills, backgrounds and perspectives, including those backgrounds and perspectives with respect to age, gender, culture, race and national origin. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to promote our strategic objectives and to fulfill its responsibilities to our stockholders.

Candidates for nomination as director come to the attention of the Nominating and Corporate Governance Committee from time to time through incumbent directors, management, stockholders or third parties. These candidates may be considered at meetings of the Nominating and Corporate Governance Committee at any point during the year. Such candidates are evaluated against the criteria set forth above. If the Nominating and Corporate Governance Committee believes at any time that it is desirable that the Board of Directors consider additional candidates for nomination, the Nominating and Corporate Governance Committee may poll directors and management for suggestions or conduct research to identify possible candidates and may engage, if the Nominating and Corporate Governance Committee believes it is appropriate, a third party search firm to assist in identifying qualified candidates.

The Nominating and Corporate Governance Committee will evaluate any recommendation for director nominee proposed by a stockholder. In order to be so evaluated, any recommendation for director nominee submitted by a stockholder must be sent in writing to the Corporate Secretary, Jamba, Inc., 6475 Christie Avenue, Suite 150, Emeryville, CA 94608, 120 days prior to the anniversary of the date proxy statements were released to stockholders in connection with the prior year's annual meeting of stockholders and must contain the following information:

the candidate's name, age, contact information and present principal occupation or employment; and a description of the candidate's qualifications, skills, background, and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed or served as a director.

All directors and director nominees must submit a completed form of directors' and officers' questionnaire as part of the nominating process. The evaluation process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee will evaluate incumbent directors, as well as candidates for director nominee submitted by directors, management and stockholders consistently using the



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criteria stated in its policy and will select the nominees that in the Nominating and Corporate Governance Committee's judgment best suit the needs of the Board of Directors at that time.

Our Bylaws permit stockholders to nominate directors for consideration at annual meetings, provided the advance notice requirements set forth in our Bylaws have been properly met.

## **Communications with Directors**

Stockholders may communicate with any and all members of our Board of Directors by transmitting correspondence by mail or facsimile addressed to one or more directors by name (or to the Chairman, for a communication addressed to the entire Board of Directors) at the following address and fax number:

Name of the Director(s)  
c/o Corporate Secretary  
Jamba, Inc.  
6475 Christie Avenue, Suite 150  
Emeryville, CA 94608  
Fax: (510) 653-0643

Communications from our stockholders to one or more directors will be collected and organized by our Corporate Secretary under procedures approved by our independent directors. The Corporate Secretary will forward all communications to the Chairman of the Board of Directors, or to the identified director(s) as soon as practicable, although communications that are abusive, in bad taste or that present safety or security concerns may be handled differently. If multiple communications are received on a similar topic, the Corporate Secretary may, in his or her discretion, forward only representative correspondence.

The Chairman of the Board of Directors will determine whether any communication addressed to the entire Board of Directors should be properly addressed by the entire Board of Directors or a committee thereof. If a communication is sent to the Board of Directors or a Committee, the Chairman of the Board, or the Chairman of that committee, as the case may be, will determine whether a response to the communication is warranted. If a response to the communication is warranted, the content and method of the response will be coordinated with our Vice President of Legal Affairs.

## **Code of Business Conduct and Ethics**

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its employees, including the Chief Executive Officer, Chief Financial Officer and Controller. The Code of Business Conduct and Ethics can be obtained on the Company's website by going to <http://ir.jambajuice.com> and following the Corporate Governance link.

The Company intends to post on its website any amendments to or waivers of the Company's Code of Business Conduct and Ethics. The information contained on the Company's website is not part of this document.

## **Corporate Governance Guidelines**

Our Board has adopted Corporate Governance Principles and Practices to assist it in the exercise of its duties and responsibilities and to serve the best interests of our company and our stockholders. These principles which provide a framework for the conduct of our Board's business provide, among other things, that:

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The principal responsibility of the directors is to oversee the exercise of corporate powers and to ensure that the Company's business and affairs are managed to meet its stated goals and objectives.

Certain criteria and qualifications be used for consideration of selection of Board nominees.

New directors participate in an orientation program.

All Board members have access to senior management

No member of the Board shall stand for reelection after his/her 75<sup>th</sup> birthday without a waiver from a majority of the members of the Board

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At least annually, our Board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

Board members shall not serve on more than four other Boards of Directors of other publicly-traded companies; provided, however that if the Board member also serves as chairman of the board of a publicly-traded company, then he or she shall not serve on more than three other Boards of Directors, or if the Board member also serves as an executive officer of a company, then he or she shall not serve on more than two other Boards of Directors.

These principles can be obtained on our website by going to <http://ir.jambajuice.com> and following the Corporate Governance link. A printed copy of the guidelines may also be obtained by any stockholder upon request in writing to Jamba, Inc., c/o ICR, Inc., 685 Third Avenue, 2<sup>nd</sup> Floor, New York, NY, 10017, by emailing [investors@jambajuice.com](mailto:investors@jambajuice.com), or by telephoning (646) 277-1212.

## **Stock Ownership Guidelines**

Each member of our Board of Directors is required to acquire and maintain, individually or through their affiliates, a minimum of \$100,000 of shares of the Company's common stock during the term of his or her service on the Board, with the value measured by the greater of the aggregate purchase price paid for such shares or the current market price. New members of the Board shall have two years from the date on which their service begins in which to attain the required ownership level. Any director who falls short of the guideline will be deemed in compliance as long as such director retains all stock compensation until the required level of ownership is met.

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## **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Company's Board of Directors is composed of three members and acts under a written charter adopted and approved by the Board of Directors in 2006. The members of the Audit Committee are independent as defined by its charter, the NASDAQ Global Market listing standards and the Securities Exchange Act.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 with management, which review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed and discussed with KPMG LLP, the Company's independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America, its judgment as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards, including Statement on Auditing Standards No. 114 (Communication with Audit Committees), as amended. The independent registered public accounting firm also provided the Audit Committee with the written disclosures required by applicable professional and regulatory standards relating to KPMG's independence from the Company, including the Public Company Accounting Oversight Board pertaining to the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee also reviewed and pre-approved all fees paid to the independent registered public accountants and considered whether KPMG's provision of non-audit services to the Company was compatible with the independence of the independent registered public accountants. The Audit Committee concluded that the independent registered public accountants are independent from the Company and its management.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors, and the Board approved, that the Company's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for filing with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS

Lesley H. Howe, Chairman  
Michael A. Depatie  
Lorna Donatone

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**PROPOSAL NO. 2**

**RATIFICATION OF SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
FIRM**

The Audit Committee of the Board of Directors requests that stockholders ratify the selection of KPMG LLP as its independent registered public accounting firm to audit the consolidated financial statements of the Company for the fiscal year ending December 30, 2014 ( Fiscal 2014 ). KPMG LLP has acted in such capacity since its appointment in fiscal year 2008.

A representative of KPMG LLP is expected to be present at the 2014 Annual Meeting with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions. At the 2014 Annual Meeting, the stockholders are being asked to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for Fiscal 2013. If the selection of KPMG LLP as auditors for Fiscal 2014 is not approved by stockholders, the adverse vote will be considered by the Audit Committee in its decision to retain KPMG as auditors for 2014. Even if this selection is ratified, the Audit Committee, in its discretion, may direct the engagement of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

**Fees for Professional Services**

The following table sets forth the aggregate fees billed to the Company for the fiscal year ended December 31, 2013 ( Fiscal 2013 ) and fiscal year ended January 1, 2013 ( Fiscal 2012 ) by its independent registered public accounting firm, KPMG LLP:

	Fiscal 2013 (52 weeks)	Fiscal 2012 (52 weeks)
Audit Fees <sup>(1)</sup>	\$ 747,700	\$ 731,300
Audit-Related Fees <sup>(2)</sup>	22,000	22,000
Tax Fees	101,495	57,400
All Other Fees		
Total Fees	\$ 871,195	\$ 810,700

(1) Audit Fees consist of fees billed for professional services rendered for the audit of the Company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our independent registered public accountants in connection with statutory and regulatory filings or engagements.

(2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under Audit Fees.

The Audit Committee has considered whether the provisions of services described in the table above are compatible with maintaining auditor independence. Unless a type of service has received general pre-approval, it will require



separate pre-approval by the Audit Committee. The Audit Committee has delegated its pre-approval authority to its Chairman, provided the Chairman reports any pre-approval decisions to the full Audit Committee at its next regularly scheduled meeting. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval process. During Fiscal 2013 and Fiscal 2012, all fees paid to our independent auditors were pre-approved in accordance with this policy without exception.

## **Vote Required and Board of Directors Recommendation**

Approval of this proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have the same effect as a negative vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will have authority to vote your shares on a discretionary basis in favor of the proposal.

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE SELECTION OF KPMG LLP AS THE  
COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR  
ENDING DECEMBER 30, 2014.**

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## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Introduction**

This Compensation Discussion and Analysis is intended to provide an explanation of our compensation program relating to Fiscal 2013, with particular focus on our Chief Executive Officer ( CEO ) and the other listed executives as presented in the 2013 Summary Compensation Table that follows this discussion (herein referred to as the Named Executive Officers ). For 2013, our Named Executive Officers were:

James D. White, Chief Executive Officer and President

Karen L. Luey, Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Secretary

Chris Beeson, Senior Vice President, Operations

Bruce Schroder, Executive Vice President and Chief Operating Officer (departed Jamba effective October 8, 2013)

Julie S. Washington, Senior Vice President and Chief Brand Officer

#### **Executive Summary**

#### **2013 Performance**

During 2013, we focused on establishing consistent organic growth in revenue and profitability by transforming Jamba into a globally recognized healthy, active lifestyle brand and strengthening our total brand value through product innovations, including consumer loyalty and engaging national and local marketing programs and national scale partnerships. Fiscal 2013 was a successful but challenging year. Our financial results for Fiscal 2013 reflect a modest improvement over Fiscal 2012 as we operated in an environment of reduced consumer spending, adverse weather in key markets and heightened competition. However, we made significant progress on several key strategic and operational priorities as we executed upon our BLEND Plan 3.0 (our BLEND Plan ), which provides continuity of our previous BLEND Plans and a blueprint for building total brand value, with strategic priorities focused on innovation and developing new products, becoming a lifestyle brand, expanding growth initiatives, partners, channels and markets, and driving business efficiencies. Highlights of our Fiscal 2013 financial performance include:

Jamba's total stockholder return increased by 11% in Fiscal 2013;

Net income for Fiscal 2013 was \$2.1 million, compared to net income of \$0.3 million for Fiscal 2012;

EBITDA<sup>1</sup> was \$13.3 million, compared to \$11.7 million for Fiscal 2012;

Company-owned comparable store sales increased by 0.5% compared to the prior year, reflecting the third consecutive fiscal year of comparable store sales growth; and

General and administrative expenses decreased 7.4% to \$37.8 million for the year compared to \$40.8 million for the prior year.

Highlights of our strategic achievements include our progress on several key priorities to strengthen our brand with successful juice and smoothie innovations, initiating marketing programs with strategic partners such as Disney and ISIS, and our expanded global retail store growth where we added new channel strength

<sup>1</sup> EBITDA is calculated as earnings before interest, taxes, depreciation and amortization and as specifically identified

in the non-GAAP reconciliation schedules set forth in Appendix A. Management uses this non-GAAP measure to further understand the Company's core business operating performance. The Company believes its core business operating performance represents the Company's on-going performance in the ordinary course of its core operations. Accordingly, the Company excludes from its core operating performance those items whose impact are not reflective of its core operations such as (a) interest income, (b) interest expense, (c) income taxes and (d) depreciation and amortization.

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and continued to explore new ways to reduce costs and improve productivity. We opened 69 stores globally, including 25 Smoothie Stations, and added over 1,000 JambaGO units to retail store cafes at Target Stores across the United States. Overall, we believe these actions have positioned Jamba for accelerated growth in 2014.

### **2013 Compensation Decisions**

In Fiscal 2013, we implemented incentive compensation programs to reward employees, including our Named Executive Officers, for the attainment of business and financial measures that enhance stockholder value and achievements which support our BLEND Plan. The following lists key compensation actions for 2013 with respect to our Named Executive Officers:

*Base Salary.* Based on an assessment of individual performance, responsibility levels, and competitive pay practices, we increased the base salary for Mr. White by 4.3%, Ms. Luey by 7.3%, Mr. Schroder by 8.0% and Ms. Washington by 5.3%. Mr. Beeson had one increase at the beginning of the year by 2.5% and in recognition of additional responsibilities, received an additional increase of 18.4%.

*Cash Incentive Compensation.* Based upon our 2013 financial and operational performance described above, we awarded cash bonuses under our Management Incentive Plan ranging from 21% to 23% of our annual performance bonus targets, reflecting achievement of all financial performance targets but not all strategic performance targets in the first performance period. We awarded no bonus for the second half of the year due to falling short of the EBITDA financial performance target, though we had achieved other financial and strategic performance targets in the second performance period.

*Equity Compensation.* As part of our focus on competitive pay practices, retention and long-term goals, our equity compensation program in 2013 continued as a mix between 50% performance-based restricted stock units ( performance-based RSUs ) and 50% time-vested restricted stock units ( time-vested RSUs ). We believe this mix aligns the interests of our executives with those of our stockholders, as the awards only have value if certain performance goals are met or the Company's stock price increases. The performance-based RSUs are based on relative total stockholder return (TSR) versus a peer group restaurant index, measured over a one-year, two-year, and three-year performance period.

*Share Ownership Guidelines.* In 2013, we adopted Management Stock Ownership Guidelines to further align the interests of members of senior management with the interests of our stockholders and to encourage management ownership of our common stock.

### **Summary of Other Major Program Elements**

Other significant elements of the Company's compensation program that continue to reinforce stockholder alignment, its long-term retention strategy and what the Compensation and Executive Development Committee considers best practices are the following:

Compensation decisions are made by an independent compensation committee and an independent compensation consultant engaged by the Compensation and Executive Development Committee.

The Company maintains share ownership guidelines, which as mentioned above, were adopted in 2013.

The Company maintains an insider trading policy and a prohibition on hedging Company securities.

The Compensation and Executive Development Committee conducts an annual risk assessment.

Any equity acceleration requires a double trigger (a qualifying termination in connection with a change in control).

In addition, the Company does not maintain or grant any of the following with respect to our executive officers:

- Tax reimbursements or gross-ups;
- Any special perquisites or benefits, except in limited circumstances; or
- Supplemental retirement plans.



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### **Say-on-Pay**

The Company is required to permit a separate non-binding stockholder vote to approve the compensation of its executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission.

This proposal, commonly known as a Say-On-Pay proposal, permits stockholders to endorse or not endorse the Company's executive compensation program. Because the stockholders' vote is advisory, it will not be binding on the Company. However, when setting compensation and in determining compensation policies, our Compensation and Executive Development Committee takes into account the results of the vote.

The last stockholder advisory vote on executive compensation was in May 2011 when stockholders voted in favor of the compensation of our Named Executive Officers as disclosed in the proxy statement for the 2011 Annual Meeting. Approximately 99% of votes cast were voted in favor of the Company's executive compensation. Stockholders also supported the Board's recommendation to hold advisory votes on a tri-annual basis. As a result of the overwhelming support for the program, the Compensation and Executive Development Committee did not make any significant changes to the program at that time. The Compensation and Executive Development Committee believes that the result of these votes is evidence that the Company's compensation policies and decisions are in the best interests of its stockholders. However, the Compensation and Executive Development Committee has continued to be mindful of stockholder preferences since that time, and as a result, has made enhancements to the program since 2011 in support of Jamba's pay-for-performance philosophy. Stockholders will vote on the compensation program again at the 2014 annual stockholders meeting as discussed on page 43 of this proxy statement.

### **Compensation Process and Oversight**

#### **Compensation and Executive Development Committee**

Our Compensation and Executive Development Committee has the responsibility for establishing, implementing and monitoring our compensation philosophy and programs. The Compensation and Executive Development Committee determines compensation for our executives, including annual base salary, non-equity incentive plan payments, equity awards and all other compensation and compensation procedures applicable to our Named Executive Officers. Our Compensation and Executive Development Committee is composed of members who are not, and never have been, employees of the Company.

#### **Role of Senior Management and Consultant in Compensation Decisions**

While the Compensation and Executive Development Committee does not delegate any of its functions to others in setting compensation, several members of senior management participate in the Compensation and Executive Development Committee's executive compensation process. For example, the Compensation and Executive Development Committee takes into consideration recommendations of our CEO on compensation decisions for executive officers other than himself, based on performance reviews he conducts with each of the executive officers, including the Named Executive Officers. Our CEO does not participate in discussions regarding his own compensation.

Historically, the Compensation and Executive Development Committee has retained compensation consultants to assist it in its review of Named Executive Officer compensation. The Compensation and Executive Development Committee has used the findings and recommendations of compensation consultants to help ensure that management's compensation recommendations are in line with the Company's priorities, properly incentivize actions that improve Company performance, and are reasonable when compared to the market for executive talent. In addition, the

Compensation and Executive Development Committee believes that the engagement of an independent consultant from time to time helps enhance the overall independence of the Compensation and Executive Development Committee's decision-making. As will be discussed below, in Fiscal 2013, the Compensation and Executive Development Committee engaged Frederic W. Cook & Co., Inc. ( Frederic W. Cook ) as a consultant. As part of its services, Frederic W. Cook:

- Participates in the design of executive compensation programs to help the committee evaluate the linkage between pay and performance;
- Reviews market data and advises the committee on recommending the Chief Executive Officer's compensation levels to the Board;
- Reviews and advises the committee regarding the compensation of the other executive officers;

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Reviews and advises the committee regarding director compensation; and Assists with an annual risk assessment of the Company's compensation programs.

Frederic W. Cook does not perform any other work on behalf of management or the Company. The Compensation and Executive Development has assessed the independence of Frederic W. Cook and concluded that no conflict of interest exists that would prevent Frederic W. Cook from independently representing the Compensation and Executive Development Committee. The Compensation and Executive Development Committee intends to continue retaining the services of third party executive compensation specialists from time to time, as the Compensation and Executive Development Committee deems necessary or helpful, in connection with the establishment and development of our compensation philosophy and programs.

**Competitive Compensation Data**

To assist with the determination of the compensation made to our executive officers for Fiscal 2013, the Compensation and Executive Development Committee asked Frederic W. Cook to benchmark executive compensation and to provide a comparison of total and individual elements of executive compensation provided to our executive team, relative to compensation paid to individuals holding similar positions at companies in our executive compensation peer group (described below). Frederic W. Cook worked with our human resources department and management to access our data and review our compensation practices and philosophy and provided the Compensation and Executive Development Committee with benchmarking information including competitive data on pay levels and pay practices.

To support our objective of developing an executive compensation program that is sufficiently competitive to attract and retain key executives who can support and execute our BLEND Plan, the Compensation and Executive Development Committee evaluated executive compensation information from a specific group of comparable companies. This process allowed the Compensation and Executive Development Committee to set total compensation at levels for Fiscal 2013 that it believes are appropriate to retain and motivate our Named Executive Officers, and to develop a compensation program that supports our financial and strategic revitalization.

The Compensation and Executive Development Committee, with the assistance of Frederic W. Cook, identified our executive compensation peer group, selecting companies that are similar to us in industry, revenue, net income, number of employees and market capitalization. In determining our Fiscal 2013 peer group, the Compensation and Executive Development Committee selected companies in the quick service restaurant and fast casual dining spaces with revenues ranging from \$71 million to \$751 million and market capitalization ranging from \$70 million to \$1.273 billion, with the goal of assembling the group to position Jamba at the median in both size categories.

The companies that comprised our Fiscal 2013 executive compensation peer group were:

Diversified Restaurant	Kona Grill	Nathan's Famous
Carrol's Restaurant	Fiesta Restaurant Grp	Denny's
BJ's Restaurants	Krispy Kreme	Ignite Restaurant
Bravo Brio	Ruth's Hospitality	Noodles & Company
Biglari Holdings	Frisch's Restaurants	AFC Enterprises
Luby's	Sonic	Famous Dave's
Chuy's	Einstein Noah	Ark Restaurant

In making its executive compensation decisions, the Compensation and Executive Development Committee considered the competitive data provided by Frederic W. Cook. The Compensation and Executive Development

Committee does not target a specific percentile for pay, but uses the median-to-75<sup>th</sup> percentile range as a guide for making its pay decisions with respect to all pay elements. In selecting this range, the Compensation and Executive Development Committee acknowledged the extremely competitive market in the San Francisco bay area, which also has an above-average cost of living. While the Compensation and Executive Development Committee considers relevant market pay practices when setting executive compensation, it does not believe that it is appropriate to establish compensation levels based only on market

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practices. The factors that influence the amount of compensation awarded include market competition for a particular position, an individual's experience and past performance inside or outside the Company, compensation history, role and responsibilities within the Company, past and future performance objectives, value of the position within the Company, and the Company's financial performance.

### **Objectives and Components of Our Executive Compensation Program**

The primary objectives of our executive compensation program are as follows:

Deliver pay for performance;  
Drive strong business results;  
Support teamwork; and  
Attract and retain strong talent.

We believe that pursuing these objectives will help us attract and retain qualified executives who are results oriented, engaged and passionate about our brand and are able to help us execute our BLEND Plan. The ability to embrace our mission and culture are also important components in driving these objectives.

Our compensation programs provide a mix of fixed compensation and short-term and long-term incentive awards tied to the achievement of specific business objectives, corporate financial goals, and individual performance. We strive to be competitive in a challenging economic environment, with the ultimate objective of improving stockholder value. In addition, we work to ensure that our compensation program is perceived as fundamentally fair to all stockholders.

### **Program Elements**

The compensation program for our executive officers consists of the following elements:

Base Salary;  
Non-Equity Incentive Compensation;  
Equity Based Incentive Compensation; and  
General Team Member Benefits.

The exact base pay, cash incentive bonus targets and equity grant amounts are set at a level designed to attract and retain the best people available that possess the skills necessary to help us execute our BLEND Plan.

#### **Base Salary**

Base salary is the fixed portion of executive pay and is set to reward an individual's current contributions to the Company and to compensate them for their expected day-to-day performance. The Compensation and Executive Development Committee determines base salary levels for executives on an annual basis. Increases in salaries are generally based on both individual performance and our merit increase budget for the year. Other factors that may influence setting of or changes in base salary levels include total company performance, the executive's experience, responsibilities, management abilities and job performance, current market conditions and analysis of competitive salaries payable for similar positions at other comparable companies. Salary increases may also be awarded in connection with an individual's promotion to a new role. After consideration of peer group compensation data for the industry and the relative responsibilities and contributions of the executive officers, the Compensation and Executive Development Committee increased the annual salaries of certain of the Company's executive officers, including the Company's Named Executive Officers listed below.

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Name	Position	Prior Salary	Effective Date	Current Salary	Increase (\$)	Increase (%)
James D. White	CEO and President	\$575,000	1/2/2013	\$600,000	\$25,000	4.3 %
Karen L. Luey	EVP, CFO, CAO and Secretary	\$328,000	1/2/2013	\$352,000	\$24,000	7.3 %
Bruce Schroder	EVP and Chief Operating Officer	\$300,000	1/2/2013	\$324,000	\$24,000	8.0 %
Julie Washington	SVP, Chief Brand Officer	\$285,000	1/2/2013	\$300,000	\$15,000	5.3 %
Chris Beeson <sup>(1)</sup>	SVP, Operations	\$215,300	10/9/2013	\$255,000	\$39,700	18.4 %

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- (1) Mr. Beeson received an earlier \$5,300 (2.5%) increase in his salary from \$210,000 to \$215,300 effective February 27, 2013 in his role as SVP, Franchise.

**Annual Non-Equity Incentive Compensation**

We believe that non-equity incentive compensation in the form of a short-term cash incentive bonus is an important factor in motivating our management team as a whole, and individual executives in particular, to perform at their highest level toward achievement of the objectives set forth in our BLEND Plan. Under our Management Incentive Plan, the Compensation and Executive Development Committee was provided the authority to establish performance periods, to set performance goals and to determine the relative weight to be given to each performance goal. The Compensation and Executive Development Committee selected two performance periods for 2013, with the initial performance period consisting of the first and second fiscal quarters and the second performance period consisting of the third and fourth fiscal quarters. Payouts under our Management Incentive Plan are made at the conclusion of each performance period after determination of metrics achieved.

Each participant was eligible for a target award, based on the participant's base salary and position, as follows:

Title	Target Award as a % of Base Salary During Performance Periods	
President and Chief Executive Officer	100	%
President Stores/Chief Operating Officer	65	%
Chief Financial Officer, Chief Administrative Officer & Secretary	65	%
Senior Vice President	50	%

The components of each target metric are weighted differently based on each participant's position with the Company, and the award is based on achievement of one or more of the performance goals to the extent of the weighting, as follows:

Position	Weighting			Personal Objectives	
	Co. Objective	Dept. Strategic Objectives			
President and Chief Executive Officer	75 %	25 %	0 %	0 %	
President Stores	70 %	30 %	0 %	0 %	
Chief Financial Officer, Chief Administrative Officer & Secretary	70 %	30 %	0 %	0 %	
Senior Vice President	60 %	30 %	10 %	0 %	

**First Performance Period**

The criteria approved by the Compensation and Executive Development Committee for the first performance period consisted of a financial component, a strategic component and, with respect to Named Executive Officers at the Senior Vice President level, a personal component, as set forth in the table below. If the EBITDA for the performance period did not reach the threshold amount determined, no amounts would be payable with respect to the plan. If the EBITDA for the performance period exceeded the threshold amount, and the other financial metrics were met, an amount would be payable based upon a sliding scale between 85% and 140% of participant's targeted amounts with respect to the

financial metrics. The strategic goals are achieved on an all-or-nothing basis, with such achievement determined at the discretion of the Compensation and Executive Development Committee. The target amounts are divided evenly between the two performance periods such that 50% of each targeted amount is attributable to each performance period.

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## First Half 2013

Components	Performance Goals	Actual Performance
Financial	EBITDA of \$10.3 million (threshold)	Achieved at threshold level
	EBITDA of \$13.8 million (maximum)	
Strategic	G&A expense target (excluding bonus and other one-time expenses) of \$18.3 million or less	Achieved
	Positive Comparable Company Same Store Sales	Achieved
	Store of the Future Expanded number of units and platforms	Achieved
	Operational Improvements at the store level to drive profit margin	Not Achieved
Personal	Retail Growth Platform increase number of units	Not Achieved
	Organization Redesign	Achieved
	Ms. Washington and Mr. Beeson	Achieved

In the first performance period, the EBITDA goal exceeded the threshold amount and the other financial components were met, providing for payment with respect to the financial objectives. However, with respect to the Company strategic objectives, some but not all of the strategic goals were achieved, so no amounts were payable with respect to the strategic goals. Based upon the Company's payment with respect to financial objectives but no payment with respect to strategic objectives (and achievement of personal objectives for executives where applicable), bonus payouts for the period ranged from 45% to 46% of overall target for executives, with the Compensation and Executive Development Committee approving a \$1.1M payout to be distributed to the participants of the Management Incentive Plan. From this amount, Mr. White was paid an amount based upon achievement of 45% of the target bonus and the other Named Executive Officers were paid amounts based upon achievements of 45-46% of their target bonus. The achievement percentages based upon the amount of bonus paid to the participant divided by the product of the target award percentage, the base salary of the participant attributable to the performance period and the applicable weighing of the objectives with respect to such participant. See the 2013 Summary Compensation Table for payouts under our Management Incentive Plan to all Named Executive Officers.

**Second Performance Period**

The guidelines approved by the Compensation and Executive Development Committee for the second performance period consisted of a financial component, a strategic component and, with respect to Named Executive Officers at the Senior Vice President level, a personal component, as set forth in the table below. As with the first performance period, if the EBITDA for the performance period did not reach the threshold amount determined, no amounts would be payable with respect to the plan. If the EBITDA for the performance period exceeded the threshold amount, and the other financial metrics were met, an amount would be payable based upon a sliding scale between 85% and 140% of participant's targeted amounts with respect to the financial metrics. The strategic goals are achieved on an all-or-nothing basis, with such achievement determined at the discretion of the Compensation and Executive Development Committee. The target amounts are divided evenly between the two performance periods such that 50% of each targeted amount is attributable to each performance period.

## Second Half 2013

Components	Performance Goals	Actual Performance
Financial	EBITDA of \$6.7 million (threshold)	Not Achieved
	EBITDA of \$8.9 million (maximum)	
Strategic	G&A expense target (excluding bonus and other one-time expenses) of \$18.3 million or less	Achieved
	Positive Comparable Company Same Store Sales	Not Achieved

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Strategic	Store of the Future	Expanded number of units and platforms	Not Achieved
		Operational Improvements at the store level to drive profit margin	Not Achieved
Personal		Goals for Ms. Washington and Mr. Beeson	Achieved

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In the second performance period, no bonus was deemed payable under the plan regardless of achievement of some of the financial and personal (where applicable) objectives, since the EBITDA threshold was not achieved at the threshold level with respect to the period. See the 2013 Summary Compensation Table for payouts under our Management Incentive Plan to all Named Executive Officers.

**First and Second Half Combined**

For Fiscal 2013, the total bonus payments to Named Executive Officers in the aggregate (combining the first and second performance periods) ranged from 21% to 23% of their respective annual performance bonus targets. See the 2013 Summary Compensation Table for payouts under our Management Incentive Plan to all Named Executive Officers.

**Equity Based Incentive Compensation**

The Compensation and Executive Development Committee generally considers a range of factors in setting the size of equity grants to Named Executive Officers, including assessments of individual performance, the potential contribution that each Named Executive Officer could be expected to make in the future, the Named Executive Officer's targeted total direct compensation, previous grants to such Named Executive Officer, and the size of awards and total compensation provided to others holding similar positions at companies included in our executive compensation peer group.

The Compensation and Executive Development Committee individually approves all equity awards to our officers at or above the vice president level. The Equity Award Committee, comprised of members of our management team, has been delegated the authority by the Board of Directors to approve equity grants below the vice president level. The Board of Directors or the Compensation and Executive Development Committee has the right to suspend the ability of the Equity Award Committee to award equity grants for any reason at any time.

**Fiscal 2013 Equity Grants**

As a part of our focus on competitive pay practices, retention and long-term goals, our 2013 equity compensation program for executive officers consisted of 50% performance-based RSUs and 50% time-vested RSUs. The Compensation and Executive Development Committee believes that this combination strikes an appropriate balance between creating a long-term retention incentive for our executives and establishing performance goals that further align the executives' interests with the Company's business objectives for that year and with increasing stockholder value. This has been the mix since 2012. Prior to 2012, we granted a mix between stock options and time-vested RSUs.

In August 2013, we granted our Named Executive Officers performance-based RSUs based on our relative TSR compared against the Yahoo Finance Restaurant Group Index plus Starbucks and Panera. There are 59 companies in this peer group. The shares are earned based on relative TSR performance over a one-year, two-year, and three-year performance period, with payouts in shares, if any, made at the end of each performance period. As shown in the payout schedule below, target payouts are earned for achieving 55<sup>th</sup> percentile performance of the peer group, and the payout will be capped at target in the event that TSR is negative during any one performance period:

	Relative TSR	Payout as a
	Performance	Percent of Target
Maximum	≥ 75 <sup>th</sup> Percentile	150%

Target	55 <sup>th</sup> Percentile	100%
Threshold	35 <sup>th</sup> Percentile	50%
Below Threshold	< 35 <sup>th</sup> Percentile	0%

**Fiscal 2012 Equity Grants**

In 2012, we granted performance shares that had two performance periods. The first performance period covered the 2<sup>nd</sup> half of 2012 and the other performance period covered the 1<sup>st</sup> half 2013. Performance goals related to each period were based on consolidated adjusted EBITDA. The consolidated adjusted EBITDA goal for the second half of 2012 was \$5.0 million; actual performance was \$5.8 million. The consolidated adjusted EBITDA goal for the first half of 2013 was \$12.5 million; actual performance was \$13.1 million. Since the

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Company achieved the consolidated adjusted EBITDA goals for each performance period, the 2012 performance-based RSUs were earned and will vest in equal amounts over three years starting on August 22, 2012.

### **Equity Grant Policy**

Pursuant to our equity grant policy, all equity grants are generally made effective three trading days after each of our quarterly public earnings releases. This applies to all of our employees, including our executive officers. The exercise price of stock options is the closing or last quoted price on the date of actual stock option grant, which we believe reflects fair market value after all public disclosures.

All grants issued after June 2013 were made under the 2013 Equity Incentive Plan (the 2013 Equity Plan ), which authorizes both equity and cash-based grants to all employees, including the Name Executive Officers, consultants and non-employee directors. All grants prior to June 2013 were made under our 2006 Employee, Director and Consultant Stock Plan (the 2006 Stock Plan ), which authorized grants to all employees, including the Name Executive Officers, consultants and non-employee directors.

Prior to 2012, annual grants to the Named Executive Officers were made in November of each year. The Compensation and Executive Development Committee decided to move the annual equity grants for executives to the third quarter of each fiscal year because it was more aligned with mid-year performance evaluations. Interim or off cycle equity awards are made to newly hired team members as initial grants , promotional grants for those taking on significant additional responsibilities or other team members when circumstances warrant it, and are made effective on a fixed quarterly schedule.

In addition to our annual equity program, stock options may be granted in new hire situations. These grants typically vest in 25% annual increments over four years and have a ten-year term. None of the Named Executives Officers received stock options in 2013.

### **Other General Team Member Benefits**

Our executive officers are eligible to participate in all of our employee benefit plans, such as our medical, dental, vision, group life, disability, accidental death and dismemberment insurance and our 401(k) plan, in each case on the same terms as other employees, except that the executive officers did not participate in the employer match under our 401(k) plan in Fiscal 2013. We do not provide tax gross-ups of any perquisites.

### **Severance and Change in Control Arrangements**

In 2013 we adopted an Executive Retention and Severance Plan (the Severance Plan ) for persons holding the title of Executive Vice President or Senior Vice President and for certain other key employees of the Company who may be designated by the Compensation and Executive Development Committee from time to time as eligible to participate in the Severance Plan (each a Participant, and collectively, the Participants ). The Severance Plan superseded all prior arrangements with such Participants relating to severance. The Severance Plan and, with respect to our Chief Executive Officer, his employment agreement, provide for severance payments to the Participant upon such Participant s (of Chief Executive Officer s) termination of employment without cause or resignation for good reason, as well as upon a qualifying termination following a change in control of the Company, each as more fully described below in the section entitled Potential Payments upon Termination or Change in Control. The Compensation and Executive Development Committee believes that providing our executives with specified benefits in the event of a termination of employment by the Company without cause or in the event of a constructive termination is consistent

with competitive practices, helps us retain executives and maintain leadership stability. In addition, the Compensation and Executive Development Committee believes that adopting uniform terms, as reflected in the Severance Plan, helps to ensure that our executives are treated fairly and consistently.

The Compensation and Executive Development Committee further believes that the occurrence, or potential occurrence, of a change in control may create uncertainty for our executives and other key employees. The double trigger provisions in the Severance Plan are designed to help retain our employees and maintain a stable work environment leading up to and during changes in control by providing employees certain economic benefits in the event their employment is actually or constructively terminated in connection with such a change.

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Furthermore, the Severance Plan does not provide tax gross-ups for potential excise or other taxes on any benefits that are paid.

In October 2013, Bruce Schroder, our Executive Vice President and Chief Operating Officer, was terminated from the Company, triggering payments payable to him by the Company under the Severance Plan. See the section entitled Potential Payments upon Termination or Change in Control.

### **Management Stock Ownership Guidelines**

In 2013, we adopted Management Stock Ownership Guidelines to further align the interests of members of senior management with the interests of our stockholders and to encourage management ownership of our common stock. These guidelines require our senior executives to acquire and maintain a minimum number of shares of our common stock, with such minimum number based upon a multiple of such senior executive's annual base salary (with share value based upon the greater of the current stock price or the price at which the shares were acquired). Stock options are not counted for purposes of calculating the number of shares held. The minimum number of shares is based upon the executive's position as follows:

3x salary for our Chief Executive Officer;

2x salary for our Executive Vice Presidents, Chief Financial Officer/Chief Administrative Officer and Chief Operating Officer; and

1x salary for Senior Vice Presidents.

There is no time limitation towards achieving the minimum number of shares required. However, until such minimum number of shares is held, 50% of all future equity grants (calculated on the basis of net after tax shares) are to be retained.

### **Restrictions on Transactions in our Securities**

Under our Insider Trading Policy, our officers, directors and employees are not permitted to purchase or sell our securities short or buy or sell puts, calls or other derivative instruments relating to our Common Stock.

### **Analysis of Risk Relating to Our Compensation Programs**

Appropriately incentivizing behaviors which support the best interests of the Company and its stockholders is an essential part of the compensation-setting process. The Company believes that risk-taking is necessary for continued innovation and growth, but that risks should be encouraged within parameters that are appropriate for the long-term health and sustainability of the business. At the direction of the Compensation and Executive Development Committee, our benefits committee (comprised of Company management), evaluates the merits of its compensation programs through a comprehensive review of its compensation policies and programs to determine whether they encourage unnecessary or inappropriate risk-taking by the Company's executives and employees below the executive level, including the following:

Annual cash incentive awards and long-term incentive awards granted to executives are tied primarily to corporate performance goals and strategic performance objectives. These metrics encourage performance that supports the business as a whole.

The executive annual cash incentive awards include a maximum payout opportunity.

Our executives are expected to meet stock ownership guidelines in order to align the executives' interests with those of our stockholders.

Our annual equity awards to executives are comprised of 50% performance-based awards, to further align pay with Company performance.

The Company's pay philosophy provides an effective balance in the mix of cash and equity, short- and longer-term performance periods, financial and non-financial performance, and allows for the committee's discretion.

We maintain policies to mitigate compensation-related risk such as an insider trading policy, prohibition against hedging Company securities, an independent compensation committee, and engagement of an outside compensation consultant.

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The benefits committee discussed its risk review with Frederic W. Cook and reported to the Compensation and Executive Development Committee. Based on this review, both for our executive officers and all other employees, the benefits committee concluded that the risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company, and the Compensation and Executive Development Committee reviewed and approved this conclusion.

## **Tax Considerations**

Our Compensation and Executive Development Committee considers the impact of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), in determining the mix of elements of executive compensation. Under Section 162(m) of the Code, named executive officer (other than the Chief Financial Officer) compensation over \$1 million for any year is generally not deductible for United States income tax purposes. Performance-based compensation is exempt from the deduction limit, however, if certain requirements are met. We believe that the gains realized at the time of exercise of nonqualified stock options granted under the terms of our stockholder-approved stock plan are fully deductible in accordance with Section 162(m). In addition, the Compensation and Executive Development Committee generally structures performance-based grants of RSUs and annual bonuses payable under our non-equity incentive plan with the intent that they qualify for deductibility in accordance with Section 162(m). Salaries and time-based vesting RSUs do not qualify as performance-based compensation for purposes of Section 162(m). The Compensation and Executive Development Committee intends to consider the impact of Section 162(m) on the deductibility of future executive compensation but reserves the right to provide for compensation to executive officers that may not be fully deductible when it believes that other considerations outweigh the tax deductibility of the compensation.

## **Compensation and Executive Development Committee Report**

We, the Compensation and Executive Development Committee of the Board of Directors of the Company, have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Submitted by the Company's Compensation and Executive Development Committee of the Board of Directors:

David A. Pace, Chairman  
Richard L. Federico  
Andrew R. Heyer  
Brian Swette

TABLE OF CONTENTS**Summary Compensation Table**

The following table sets forth information concerning the compensation earned by our President and Chief Executive Officer, our Chief Financial Officer and our three other most highly-compensated persons serving as executive officers at December 31, 2013 (our Named Executive Officers):

**2013 SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus Earned for Fiscal Year (\$) <sup>(2)</sup>	Stock Awards (time based) (\$) <sup>(3)</sup>	Stock Awards (performance based) (\$) <sup>(4)</sup>	Option Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(5)</sup>	All Other Compensation (\$) <sup>(6)</sup>	Total Compensation (\$)
James D. White President and Chief Executive Officer	2013	599,038		283,290	251,580	-	133,875	682	1,268,465
	2012	566,346	28,750	508,000			531,875	682	1,635,653
	2011	550,000				93,870	386,438	315	1,030,623
Karen L. Luey Executive Vice President, Chief Financial & Administrative Officer	2013	351,077		134,900	119,800	-	51,051	501	657,329
	2012	328,000	23,780	203,200			148,502	480	703,962
	2011	319,000				66,768	131,938	287	517,993
Bruce Schroder Executive Vice President, Chief Operating Officer <sup>(7)</sup>	2013	286,549		104,548	92,845		46,990	477	531,409
	2012	300,000	15,500	177,800			139,500	457	633,257
	2011	287,500				66,768	124,425	259	478,952
Julie S. Washington Sr. Vice President, Chief Brand Officer	2013	299,423		47,215	41,931		34,425	456	423,450
	2012	283,846	26,140	76,200		53,750	107,160	444	547,540
	2011	257,500				41,363	80,550	232	379,645
Chris Beeson Sr. Vice President, Operations <sup>(8)</sup>	2013	221,915		40,470	35,940	-	24,705	359	323,389
	2012	208,077	9,200	63,500			75,600	390	356,767
	2011	176,500		-		32,200	59,700	369	268,769

(1) Reflects salaries paid for the respective fiscal year.

(2) Reflects discretionary bonuses paid in cash for the respective fiscal year.

(3) Represents the aggregate fair market value of stock options and restricted stock units calculated in accordance with the fair value method. The grant date fair value of options granted was estimated at the date of grant using a Black-Scholes option-pricing model. Option valuation models, including Black-Scholes, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. The risk-free rate of interest is based on the zero coupon U.S. Treasury rates appropriate for the expected term of the award. We apply the guidance provided by the SEC Staff Accounting Bulletin No. 110 to determine expected life. Expected dividends are zero based on our history of not paying cash dividends on the Company's common stock. For Fiscal Years 2013 and 2012, expected volatility is based on historic daily stock



price observations of the Company's common stock since its inception. For Fiscal Year 2011, expected volatility is based on a 75/25 blend of historic daily stock price observations of the Company's common stock since its inception and historic daily stock price observations of the Company's peers during the period immediately preceding the share-based award grant that is equal in length to the award's expected term. There is currently no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models or assumptions. The fair value of restricted stock units is based on the Company's closing stock price on the date of grant. See the grant date fair value table below for the assumptions used to calculate the grant date fair value of option grants reported for fiscal years 2013, 2012, and 2011 on a grant by grant basis.

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(4) The fair value of the restricted stock units is based upon a Monte Carlo calculation assuming the Company achieves TSR measurement and will vest and become exercisable in equal installments in fiscal years 2014, 2015 and 2016. The value of the awards at the grant date assuming that the highest level of performance conditions will be achieved is as follows:

Name and Principal Position	Year	Stock Awards (performance based) (#)	Grant Date Fair Value per share (\$)	Total Grant Value (\$)
James D. White	2013	21,000	13.49	283,290
Karen L. Luey	2013	10,000	13.49	134,900
Bruce Schroder	2013	7,750	13.49	104,548
Julie S. Washington	2013	3,500	13.49	47,215
Chris Beeson	2013	3,000	13.49	40,470

(5) Reflects annual incentive bonus awards earned for the respective fiscal year.

(6) See the All Other Compensation table below for additional information.

(7) Mr. Schroder resigned from the Company on October 7, 2013. The amount reflected for 2013 includes amounts paid to Mr. Schroder after October 7, 2013 and through December 31, 2013 under the Severance Plan.

(8) Mr. Beeson became a Named Executive Officer in 2013, but was not a Named Executive Officer in previous years.

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The following table describes the assumptions used to calculate the grant date fair value of equity grants reported for fiscal years 2013, 2012, and 2011 on a grant by grant basis.

Name	Grant date	Options granted	RSUs granted	Exercise Price (\$)	Closing price on grant date (\$)	Volatility (%)	Expected Life (Years)	Risk Free Interest Rate (%)	Dividend Yield (%)	Grant Date Fair Value per Share (\$)
James D. White	8/8/2013		21,000		13.49					13.49
	8/8/2013 ) (year 1 )		7,000		13.49					10.65
	8/8/2013 ) (year 2 )		7,000		13.49					13.23
	8/8/2013 ) (year 3 )		7,000		13.49					12.06
	8/6/2012									