ALEXANDERS J CORP
Form DEF 14A
April 21, 2009

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SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
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))**
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to § 240.14a-12

J. Alexander s Corporation

(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):
[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

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J. ALEXANDER S CORPORATION
3401 West End Avenue
Suite 260
P.O. Box 24300
Nashville, Tennessee 37202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of J. Alexander s Corporation:

The Annual Meeting of Shareholders of J. Alexander s Corporation (the Company) will be held at J. Alexander s Restaurant, 2609 West End Avenue, Nashville, Tennessee 37203 at 9:00 a.m., Nashville time, on Tuesday, May 19, 2009 for the following purposes:

(1) To elect six directors to hold office for a term of one year and until their successors have been elected and qualified; and

(2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 25, 2009 are entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

Your attention is directed to the Proxy Statement accompanying this notice for a more complete statement regarding the matters to be acted upon at the meeting.

We hope very much that you will be able to be with us. If you do not plan to attend the meeting in person, you are requested to complete, sign and date the enclosed proxy card and return it promptly in the enclosed addressed envelope, which requires no postage if mailed in the United States, or follow the instructions on the enclosed proxy card for voting by telephone or the Internet.

By Order of the Board of Directors

R. GREGORY LEWIS

Secretary

April 16, 2009

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J. ALEXANDER S CORPORATION
3401 West End Avenue
Suite 260
P.O. Box 24300
Nashville, Tennessee 37202

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
May 19, 2009

The enclosed proxy is solicited by and on behalf of the Board of Directors of J. Alexander s Corporation (the Company) for use at the Annual Meeting of Shareholders to be held on Tuesday, May 19, 2009, at 9:00 a.m., Nashville time, at J. Alexander s Restaurant, 2609 West End Avenue, Nashville, Tennessee 37203 and at any adjournments or postponements thereof, for the purposes set forth in the foregoing Notice of Annual Meeting of Shareholders. Copies of the proxy, this Proxy Statement and the attached Notice are being mailed to shareholders on or about April 16, 2009.

Proxies may be solicited by mail, telephone or telecopy. All costs of this solicitation will be borne by the Company. The Company does not anticipate paying any compensation to any party other than its regular employees for the solicitation of proxies, but may reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to beneficial owners.

Shares represented by such proxies will be voted in accordance with the choices specified thereon. If no choice is specified, the shares will be voted FOR the election of the director nominees named herein. The Board of Directors does not know of any other matters which will be presented for action at the meeting, but the persons named in the proxy intend to vote or act with respect to any other proposal which may be properly presented for action according to their best judgment in light of the conditions then prevailing.

A proxy may be revoked by a shareholder at any time before its exercise by attending the meeting and voting in person, by filing with the Secretary of the Company a written revocation, by duly executing a proxy bearing a later date or by casting a new vote by telephone or the Internet.

Each share of the Company s Common Stock, $.05 par value (the Common Stock), issued and outstanding on March 25, 2009 (the Record Date), will be entitled to one vote on all matters to come before the meeting. As of the Record Date, there were outstanding 6,754,860 shares of Common Stock.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 19, 2009

The following proxy materials are available for review online at: *investor.jalexanders.com*:

This Proxy Statement;

The Company s 2008 Annual Report to Shareholders (which is not deemed to be part of the official proxy soliciting materials); and

Any amendments to the foregoing materials that are required to be furnished to shareholders.

In accordance with Securities and Exchange Commission rules, the foregoing website does not use cookies, track user moves or gather any personal information.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 25, 2009, certain information with respect to those persons known to the Company to be the beneficial owners (as defined by certain rules of the Securities and Exchange Commission (the Commission)) of more than five percent of the Common Stock, its only voting security, and with respect to the beneficial ownership of the Common Stock by all directors, each of the executive officers named in the Summary Compensation Table, and all executive officers and directors of the Company as a group (9 persons). Except as otherwise specified, the shares indicated are presently outstanding.

Name and Address of Beneficial Owner	Amount of Common Stock Beneficially Owned	Percentage of Outstanding Common Stock (1)
E. Townes Duncan** 4015 Hillsboro Pike, Suite 214 Nashville, TN 37215	1,287,414(2)	19.0%
Solidus Company, L.P. 4015 Hillsboro Pike, Suite 214 Nashville, TN 37215	1,258,246(3)	18.6%
Andreeff Equity Advisors, L.L.C 140 East St. Lucia Lane Santa Rosa Beach, FL 32459	567,769(4)	8.4%
Lonnie J. Stout II**** 3401 West End Avenue, Suite 260 Nashville, TN 37203	555,362(5)	7.8%
Advisory Research, Inc. 180 North Stetson St., Suite 5500 Chicago, IL 60601	532,815(6)	7.9%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	527,515(7)	7.8%
Mill Road Capital, L.P. Two Sound View Drive, Suite 300 Greenwich, CT 06830	500,000(8)	7.4%
R. Gregory Lewis***	124,339(9)	1.8%
J. Bradbury Reed**	123,598(10)	1.8%
J. Michael Moore***	67,261(11)	*
Garland G. Fritts**	33,800(12)	*
Brenda B. Rector**	14,000(13)	*

Joseph N. Steakley**	14,000(14)	*
All directors and executive officers as a group	2,258,488(15)	30.8%

* Less than one percent.
** Director.
*** Named Officer.
**** Director and Named Officer.

(1) Pursuant to the rules of the Commission, shares of Common Stock subject to options held by directors and executive officers of the Company which are exercisable within 60 days of March 25, 2009, are deemed outstanding for the purpose of computing such director s or executive officer s percentage ownership and

the percentage ownership of all directors and executive officers as a group, but are not deemed outstanding for the purpose of computing the percentage ownership of the other persons shown in the table. Unless otherwise indicated, each individual has sole voting and dispositive power with respect to all shares shown.

(2) Includes 9,000 shares issuable upon exercise of certain options held by Mr. Duncan, 13,208 shares directly held by Mr. Duncan, 240 shares owned by Mr. Duncan s wife, 4,560 shares that are held in trusts of which Mr. Duncan s wife is trustee, 2,160 shares owned by Mr. Duncan s mother, and 1,258,246 shares that are beneficially owned as of the Record Date by Solidus Company, L.P. (Solidus), a Tennessee limited partnership. Mr. Duncan is the Chief Executive Officer of Solidus General Partner, LLC which is the general partner of Solidus. The shares beneficially owned by Solidus are pledged to Pinnacle Bank, N.A. as collateral for a loan.

(3) Solidus shares voting and dispositive power with respect to its shares with Mr. Duncan, the Chief Executive Officer of Solidus General Partner, LLC which is the General Partner of Solidus. Mr. Duncan s beneficial ownership in such shares is shown above. The shares beneficially owned by Solidus are pledged to Pinnacle Bank, N.A. as collateral for a loan.

(4) Andreeff Equity Advisors, L.L.C. shares beneficial ownership and voting and dispositive power with Dane Andreeff. Information is based solely on the Schedule 13G/A filed with the Commission by Andreeff Equity Advisors, L.L.C. and Mr. Andreeff on February 13, 2009.

(5) Includes 342,500 shares issuable upon exercise of certain options held by Mr. Stout and 10,648 Employee Stock Ownership Plan (ESOP) shares allocated to Mr. Stout and held by the J. Alexander s Corporation Employee Stock Ownership Trust (the Trust), as to which Mr. Stout has sole voting power and shared dispositive power.

(6) Advisory Research, Inc. (Advisory Research) is a registered investment advisor. Information is based solely on the Schedule 13G filed with the Commission by Advisory Research on February 13, 2009.

(7) Dimensional Fund Advisors LP (DFA) is a registered investment advisor. Information is based solely on the Schedule 13G/A filed with the Commission by DFA on February 9, 2009.

(8) Mill Road Capital, L.P. (Mill Road) is a Delaware limited partnership whose general partner, Mill Road Capital GP LLC, a Delaware limited liability company, is managed by Thomas E. Lynch, Charles M. B. Goldman and Scott P. Scharfman. Mill Road shares beneficial ownership and voting and dispositive power with Messrs. Lynch, Goldman and Scharfman. Information is based solely on the Schedule 13D filed with the Commission by Mill Road on March 11, 2009.

(9) Includes 62,500 shares issuable upon exercise of certain options held by Mr. Lewis and 8,502 ESOP shares allocated to Mr. Lewis and held by the Trust, as to which Mr. Lewis has sole voting power and shared dispositive power.

(10) Includes 17,000 shares issuable upon exercise of options held by Mr. Reed, 27,178 shares representing Mr. Reed s proportional interest in Solidus as of the Record Date and 600 shares held by a family trust of which Mr. Reed is trustee.

(11) Includes 51,000 shares issuable upon the exercise of certain options held by Mr. Moore and 5,787 ESOP shares allocated to Mr. Moore and held by the Trust, as to which Mr. Moore has sole voting power and shared dispositive power.

(12) Includes 8,000 shares issuable upon exercise of certain options held by Mr. Fritts.

(13) Includes 13,000 shares issuable upon exercise of certain options held by Ms. Rector.

(14) Includes 13,000 shares issuable upon exercise of certain options held by Mr. Steakley.

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(15) Includes 567,000 shares issuable upon exercise of certain options held by the directors and executive officers and 28,813 ESOP shares allocated to the executive officers and held by the Trust, as to which such officers have sole voting power and shared dispositive power.

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PROPOSAL NO. 1:
ELECTION OF DIRECTORS

Six directors are to be elected at the annual meeting for a term of one year and until their successors shall be elected and qualified. Election of directors requires a plurality of the votes cast in such election. It is intended that shares represented by the enclosed proxy will be voted FOR the election of the nominees named in the table set forth below unless a contrary choice is indicated. Each of the nominees, including each independent director, is presently a director of the Company and was nominated by the Board. Management believes that all of the nominees will be available and able to serve as directors, but if for any reason any should not be available or able to serve, it is intended that such shares will be voted for such substitute nominees as may be proposed by the Board of Directors of the Company. Certain information with respect to each of the nominees is set forth below.

BACKGROUND INFORMATION

E. Townes Duncan	Mr. Duncan, 55, has been a director of the Company since May 1989. Mr. Duncan is the Chief Executive Officer of Solidus General Partner, LLC, the general partner of Solidus, a private investment firm. Mr. Duncan has been associated with Solidus or its predecessor since January 1997.
Garland G. Fritts	Mr. Fritts, 80, has been a director of the Company since December 1985. Since 1993, Mr. Fritts has been a consultant for Fry Consultants, Inc., a management consulting firm.
Brenda B. Rector	Ms. Rector, 61, has been a director since May 2004. From October 1996 until March 2004, Ms. Rector was the Vice President, Controller and Chief Accounting Officer of Province Healthcare Company, an owner and operator of acute care hospitals in non-urban markets.
J. Bradbury Reed	Mr. Reed, 69, has been a director since May 2000. Mr. Reed is an attorney with the law firm of Bass, Berry & Sims PLC and has served in various capacities with that firm since 1964. Bass, Berry & Sims PLC has served as the Company s outside general counsel since the Company s organization in 1971. Commencing in 2008, Mr. Reed was employed by Solidus to assist with its public securities investments, excluding its investment in the Company.
Joseph N. Steakley	Mr. Steakley, 54, has been a director since May 2004. He has served as Senior Vice President Internal Audit of HCA Inc., an owner and operator of hospitals, since July 1999. From November 1997 to July 1999, Mr. Steakley was Vice President Internal Audit for HCA Inc.
Lonnie J. Stout II	Mr. Stout, 62, has been a director and President and Chief Executive Officer of the Company since May 1986. Since July 1990, Mr. Stout has also served as Chairman of the Company. From 1982 to May 1984, Mr. Stout was a director of the Company, and served as Executive Vice President and Chief Financial Officer of the Company from October 1981 to May 1984.

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CORPORATE GOVERNANCE

General

The Company believes that good corporate governance is important to ensure that J. Alexander s Corporation is managed for the long-term benefit of its shareholders. During the past year, the Company has continued to review its corporate governance policies and practices and to compare them to those suggested by various authorities on corporate governance and the practices of other public companies. The Company has also continued to review the provisions of the Sarbanes-Oxley Act of 2002, the new and proposed rules of the Commission and the applicable listing standards of The Nasdaq Stock Market LLC (NASDAQ).

The Company s Audit Committee charter can be accessed on the Company s website at *investor.jalexanders.com/corporate.htm*.

Director Independence

The Board has determined that each of the following directors and nominees will qualify as an independent director within the meaning of the NASDAQ listing standards.

E. Townes Duncan
Garland G. Fritts
Brenda B. Rector
J. Bradbury Reed
Joseph N. Steakley

Board Member Meetings and Attendance

The Company strongly encourages each member of the Board of Directors to attend the Annual Meeting of Shareholders. All of the Company s directors attended the 2008 Annual Meeting of Shareholders.

Each of the incumbent directors of the Company attended at least 75% of the aggregate of (i) the total number of meetings held during 2008 by the Board of Directors while he or she was a director and (ii) the total number of meetings held during 2008 by all committees of the Board while he or she was a member of such committees.

The Board of Directors of the Company held five meetings in 2008.

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Board Committee Composition and Committee Functions

Committee/Current Members	Committee Functions
Audit Committee *Current Members* Mr. Steakley (Chair) Mr. Fritts Ms. Rector *Number of Meetings held in 2008*: eight	Oversees the financial reporting process of the Company. Oversees the audits of the financial statements of the Company. Reviews areas of potential significant financial risk to the Company. Reviews reports from management regarding the evaluation of the effectiveness of the Company s disclosure controls and procedures and the Company s internal control over financial reporting. Has the sole authority to select, evaluate, replace and oversee the Company s independent registered public accounting firm. Has the sole authority to approve non-audit and audit services to be performed by the independent registered public accounting firm. Reviews and discusses with management and the independent registered public accounting firm the annual audited and quarterly un-audited financial statements and the Company s disclosures provided on Form 10-Q and Form 10-K. Monitors the independence and performance of the independent registered public accounting firm. Provides an avenue of communications among the independent registered public accounting firm, management and the Board of Directors. Has the specific responsibilities and authority necessary to comply with the NASDAQ listing standards applicable to audit committees. Is comprised solely of independent directors under the NASDAQ standards of independence. Has two members (Mr. Steakley and Ms. Rector) each of whom is qualified as an audit committee financial expert within the meaning of Commission regulations and is financially sophisticated within the meaning of the NASDAQ listing standards.
Compensation/Stock Option Committee *Current Members:* Ms. Rector (Chair) Mr. Duncan Mr. Fritts Mr. Steakley *Number of Meetings held in 2008*: four	Reviews the performance of Company officers and establishes overall executive compensation policies and programs. Reviews and approves compensation elements such as base salary, bonus awards, stock option grants and other forms of long-term incentives for Company officers (no member of the committee may be a member of management or eligible for compensation other than as a director). Reviews Board compensation. Is comprised solely of independent directors under the NASDAQ standards of independence.

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Nominating and Corporate Governance Matters

The Company s Board of Directors currently has no standing nominating committee, which the Board of Directors believes is appropriate, given the compact size of the Board. The Board of Directors, including each independent director, participates in the nomination process as described below.

Candidates for nomination to the Board of Directors, including those suggested by shareholders in compliance with the Company s charter, bylaws and applicable law, will be submitted to the Board of Directors with as much biographical information as is available and with a brief statement of the candidates qualifications for Board membership.

While the Board of Directors may consider whatever factors it deems appropriate in its assessment of a candidate for board membership, candidates nominated to serve as directors will, at a minimum, in the judgment of the independent directors:

- be able to represent the interests of the Company and all of its shareholders and not be disposed by affiliation or interest to favor any individual, group or class of shareholders or other constituency;

- possess relevant background, skills and abilities, and characteristics that fulfill the needs of the Board at that time;

- possess the background and demonstrated ability to contribute to the Board s performance of its collective responsibilities, through senior executive management experience, relevant professional or academic distinction, and/or a record of relevant civic and community leadership;

- have the highest ethical character and share the core values of the Company as reflected in the Company s Code of Business Conduct and Ethics;

- have a reputation, both personal and professional, consistent with the image and reputation of the Company;

- have relevant expertise and experience, and be able to offer advice and guidance to the chief executive officer based on that expertise and experience; and

- have the ability and the willingness to devote the necessary time and energy to exercise sound business judgment.

The Board will preliminarily assess each candidate s qualifications and suitability. If it is the consensus of the independent directors that a candidate is likely to meet the criteria for Board membership, the Board will advise the candidate of the Board s preliminary interest and, if the candidate expresses sufficient interest will arrange interviews of the candidate with one or more members of the Board and request such additional information from the candidate as the Board deems appropriate. The independent directors will consider the candidate s qualifications, the assessment of the individual s background, skills and abilities, and whether such characteristics fulfill the needs of the Board at that time, confer and reach a collective assessment as to the qualifications and suitability of the candidate for Board membership.

If a majority of the independent directors determine that the candidate is suitable and meets the criteria for Board membership, the candidate will be invited to meet with senior management of the Company, both to allow the candidate to obtain further information about the Company and to give management a basis for input to the Board regarding the candidate. On the basis of its assessment, and taking into consideration input from senior management, the Board will formally consider whether to recommend the candidate s nomination for election to the Board of Directors. Approval by a majority of the independent directors will be required to recommend the candidate s nomination.

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Compensation/Stock Option Committee Matters

The Compensation/Stock Option Committee acts on behalf of the Board of Directors to establish the compensation of executive officers of the Company and provides oversight of the Company s compensation philosophy. The Compensation/Stock Option Committee also acts as the oversight committee with respect to the Company s deferred compensation, stock and bonus plans covering executive officers and other senior management. In overseeing those plans, the Compensation/Stock Option Committee has the sole authority for administration and interpretation of the plans. The Compensation/Stock Option Committee has the authority to engage outside advisors to assist the Compensation/Stock Option Committee in the performance of its duties; however, the Compensation/Stock Option Committee may not delegate its authority to others.

The Committee was composed during 2008 of four non-employee directors of the Company who were each (i) independent as defined under the NASDAQ listing standards, (ii) a non-employee director for purposes of Section 16b-3 of the Securities Exchange Act of 1934, as amended, and (iii) an outside director for purposes of Section 162(m) of the Internal Revenue Code. The Committee has been given the responsibility to assist the Board of Directors in the discharge of its fiduciary duties with respect to the compensation of the executives and other employees of the Company, including the Named Officers, and the Company s retirement and other benefit plans. As part of the Committee s duties, the Committee, among other things, periodically reviews the Company s philosophy regarding executive compensation and assesses the three main elements of the Company s compensation. The Committee reports to the Board of Directors on its activities.

Generally, the Committee reviews the performance and compensation of the Chief Executive Officer and, following discussions with him and other advisors, if appropriate, establishes his compensation level. For the remaining Named Officers, the Chief Executive Officer makes recommendations for salary and bonus levels to the Committee that are generally approved. With respect to equity compensation awards, the Committee typically grants options based upon the initial recommendation of the Chief Executive Officer, and with additional or different terms deemed appropriate by the Committee.

The Committee generally considers making equity awards periodically after the Committee has had an opportunity to review the Company s financial results for the prior fiscal year and consider the Company s expectations and projections for the current fiscal year. In some years, the Committee has granted awards at other times or has determined not to grant any awards to some executives, based on its conclusion that the awards then currently outstanding would serve to properly incentivize the executive officers.

The Board of Directors sets non-management directors compensation at the recommendation of the Compensation/Stock Option Committee. See Director Compensation.

Code of Business Conduct and Ethics

The Company s Board of Directors has adopted a Code of Business Conduct and Ethics applicable to the members of its Board of Directors and officers, including the Chief Executive Officer and Chief Financial Officer. The Company s Code of Business Conduct and Ethics may be accessed on its website at *investor.jalexanders.com/corporate.htm* or a copy requested by writing to the following address: J. Alexander s Corporation, 3401 West End Avenue, Suite 260, P.O. Box 24300, Nashville Tennessee 37202. The Company will make any legally required disclosures regarding amendments to, or waivers of, provisions of the Code of Business Conduct and Ethics on its website.

Communications with Members of the Board

Shareholders interested in communicating directly with members of the Company s Board of Directors may do so by writing to Board of Directors, c/o Corporate Secretary, J. Alexander s Corporation, 3401 West End Avenue, Suite 260, P.O. Box 24300, Nashville, Tennessee 37202.

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EXECUTIVE COMPENSATION
SUMMARY COMPENSATION TABLE

The following table sets forth certain summary information for the year indicated with respect to the compensation awarded to, earned by, or paid to the Company s Chief Executive Officer, Chief Financial Officer and the next highly compensated executive officer of the Company whose total annual compensation, exclusive of changes in pension value and nonqualified deferred compensation earnings, exceeded $100,000 (collectively, the Named Officers).

Name and Principal Position	Year	Salary ($)(1)	Option Awards ($)(2)	All Other Compensation ($)(3)(4)	Total ($)
Lonnie J. Stout II	2008	376,000	213,555	330,583	920,138
Chairman, President, Chief Executive Officer and Director	2007	364,250	132,100	146,772	643,122
R. Gregory Lewis	2008	196,000	29,433	152,427	377,860
Vice President, Chief Financial Officer and Secretary	2007	189,850	16,705	63,199	269,754
J. Michael Moore	2008	155,000	23,147	126,473	304,620
Vice President, Human Resources and Administration	2007	150,050	13,364	49,782	213,196

(1) Amounts shown are not reduced to reflect the Named Officers contributions to the Company s 401(k) and deferred compensation plans. Amounts shown are amounts actually paid to the Named Officer during the year.

(2) Represents amount of

expense recognized for financial statement reporting purposes with respect to the indicated fiscal year in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123R). For purposes of this calculation, the estimate of forfeitures related to service-based vesting conditions has been disregarded. For additional information on the assumptions made in the valuation for the current year awards reflected in this column, please see Note G to the Consolidated Financial Statements contained in the Company s Annual Report on Form 10-K for the year ended December 28, 2008, which is filed with the

Securities and Exchange Commission (Form 10-K). None of these option awards are currently in the money, based on the market price of the Company s Common Stock as of the Record Date.

(3) Amounts shown reflect the value to each of the Named Officers of: the expense recognized by the Company relating to the vested benefit under their Salary Continuation Agreements and Amended and Restated Salary Continuation Agreements, contributions allocated by the Company pursuant to the Company s 401(k) and deferred compensation plans and the Employee Stock Ownership Plan, an auto allowance, reimbursements for certain auto-related expenses, the Company s reimbursement of employee

medical insurance contributions, payments received under a supplemental medical reimbursement insurance plan, payments of supplemental disability insurance premiums, tax preparation and planning services and certain other modest benefits.

(4) The following table details for each Named Officer the expense recognized by the Company over the last two fiscal years relating to the Named Officer s vested Salary Continuation Agreement and Amended and Restated Salary Continuation Agreement benefits. No amounts were actually paid to the employee.

Name	Expense Recognized Relating to the Vested Benefit Under the Salary Continuation Agreements and Amended and Restated Salary Continuation Agreements ($)

Lonnie J. Stout II	300,158 (2008) 119,880 (2007)
R. Gregory Lewis	124,108 (2008) 39,851 (2007)
J. Michael Moore	102,001 (2008) 23,156 (2007)

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NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE

Compensation Philosophy. The Company s executive compensation program is administered by the Compensation/Stock Option Committee (the Committee) and compensates management through a combination of base salary, annual incentives and long-term incentives. The goal of the executive compensation program is to attract and retain talent through a mix of short-term and long-term incentives that reward outstanding Company and individual performance and the creation of shareholder value. Base salaries are designed to reward the executive officers contributions to the success of the Company. The Company s incentive compensation, which has historically taken the form of a cash bonus program and stock options, is designed to reward both short-term and long-term strategic management and align a portion of the incentives of management with the long-term interest of shareholders. No cash bonuses were awarded for 2007 or 2008.

Base Salary. After consideration of a review of the Chief Executive Officer s recommendations regarding base salaries for the other Named Officers and statistics on inflation rates, the Committee established base salaries for each of the Named Officers for 2008 as set forth in the Summary Compensation Table under the heading Salary. These base salaries reflect moderate increases in the base salaries of each of Messrs. Stout, Lewis and Moore from 2007.

Equity-Based Incentive Compensation. The Company has historically awarded non-qualified or incentive stock options to its executive officers under shareholder-approved plans on a periodic basis. The Committee has indicated that it awards stock options because it believes that stock options closely align employees interests with those of other shareholders because when the price of the Company s stock increases from the price on the date of grant, the employee realizes value commensurate with increases to shareholder value generally.

Stock options generally are granted to all officers and other key employees, have a seven or ten-year term and an exercise price equal to or greater than the closing market price of the shares on the date of grant. The number of options granted is based on the Committee s conclusions on the sufficiency of the Company s cash compensation and other benefits available to officers. Because the Committee has indicated that it believes a larger portion of more senior executives compensation should be tied to the Company s performance, a larger number of options are granted to the more senior executive officers, decreasing incrementally based on position. In 2007, the Company made two grants of stock options to Mr. Stout. The Committee approved a grant of 50,000 options at an exercise price of $13.09 per share, the market price of the Company s stock on the grant date. The Committee also approved a grant of 175,000 options at an exercise price of $15.00 per share. Additionally the Committee approved grants of 25,000 and 20,000 options at an exercise price of $13.09 per share (the market price of the Company s stock on the date of grant) to Messrs. Lewis and Moore, respectively. In 2008, the Company made grants of 22,500 stock options to Mr. Stout, and grants of 15,000 and 10,000 options to Messrs. Lewis and Moore, respectively all at an exercise price of $6.10 (the market price of the Company s stock on the date of the grant). All of the options granted to the Named Officers in 2007 and 2008 vest ratably over four years and have a seven-year term rather than a ten-year term.

Employment Agreements. On December 26, 2008, J. Alexander s Corporation (the Company) entered into employment agreements with Messrs. Stout, Lewis and Moore. The agreements provide that each of the Named Officers will continue to serve in their current offices and such other office or offices to which he may be appointed or elected by the Board of Directors of the Company for a term to expire on December 25, 2011. Each agreement is subject to successive one-year automatic renewals unless either party gives not less than 90 days prior written notice to the other party that it is electing not to extend the agreement. Each agreement provides for the Named Officer to continue to receive his current annual base salary as well as customary benefits, including remuneration pursuant to the Company s cash compensation incentive plans (assuming applicable performance targets are met) or any long-term incentive award plans offered generally to executives of the Company and health insurance. Pursuant to the terms of each agreement, the Company will also reimburse the Named Officer for all reasonable business expenses incurred by such Named Officer in performance of his duties. Compensation payable under the agreements is subject to annual review by the Compensation Committee of the Board of Directors, and may be increased as the Compensation Committee deems advisable.

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Each agreement provides for certain payments upon the termination of the Named Officer s employment. Details of these payments and obligations are discussed below under the heading Potential Payments Upon Termination or Change in Control. Pursuant to the terms of each of the agreements, each Named Officer is prohibited from competing with the Company during the term of his employment and for a period of one year following termination of employment if the Named Officer receives payments under the employment agreements in connection with termination without cause or by the Named Officer for good reason . The Named Officer is also subject to certain confidentiality, non-disclosure and non-solicitation provisions.

Retirement Plans and Programs. In addition to the compensation programs described above, the Company provides its Named Officers certain retirement benefits, including participation in the Company s 401(k) plan and a non-qualified deferred compensation plan. Each plan allows the Named Officer to defer a portion of his income from salary and bonus amounts on a pre-tax basis through contributions to the plan. The Company will match 25% of the Named Officer s total elective contributions up to 3% of the Named Officer s compensation for the Plan year (taking into account elective contributions to both plans). In addition, the Company maintains an Employee Stock Ownership Plan. Historically, all Company employees with at least 1,000 hours of service during the 12-month period subsequent to their hire date, or any calendar year thereafter, and who were at least 21 years of age, were eligible to participate and receive an allocation of stock in proportion to their compensation for the year. Three years of service with the Company are generally required for a participant s account to vest. In addition, the Named Officers are each party to an Amended and Restated Salary Continuation Agreement as described below in Potential Payments upon Termination or Change in Control .

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following table summarizes the number of outstanding equity awards held by each of the Named Officers as of December 28, 2008.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That	Equity Incentive Plan Awards: Number of	Equity Incentive Plan Awards: Market or Payout Value