

Fact Sheet CORPORATE GOVERNANCE

California Public Employees' Retirement System • 400 Q Street • Sacramento, California 95811

CalPERS 2008 Focus List Company At-A-Glance

Cheesecake Factory Incorporated (CAKE) – Calabasas Hills, California

The Cheesecake Factory Inc. operates upscale, full-service, casual dining restaurants under The Cheesecake Factory and Grand Lux Cafe marks. It also operates one self-service, limited menu express foodservice operation under The Cheesecake Factory Express mark.

Market Capitalization: \$1.5 Billion

CalPERS' Holdings: \$6.0 Million

Total Return Returns Ending 02/29/2008

TSR Ending 2/29/2008	Cheesecake Factory Inc (CAKE)	Russell 3000 Index	<i>Relative Return Russell 3000 Index</i>	Restaurants Russell Industry Peer Index	<i>Relative Return Russell Peer Index</i>
5 years	6.00%	79.70%	-73.70%	146.52%	-140.5%
3 years	-38.55%	18.13%	-56.69%	25.51%	-64.06%
1 year	-23.38%	-4.52%	-18.86%	-2.19%	-21.19%

Source: FactSet

CalPERS' Concerns:

- Cheesecake Factory's stock has severely underperformed relative to the Russell 3000 index and its industry peer index over the 1, 3 and 5 year time periods ending February 29th.
- Deterioration in annual business fundamentals such as same store sales, operating margin, return on assets and return on equity.
- Lack of board accountability – The company would not agree to seek shareowner approval to remove the company's 80% supermajority voting requirements in the articles and bylaws. Only a small minority of companies in the Russell 3000 have voting thresholds of this magnitude.
- Concern over shareowner rights – The company would not agree to grant shareowners the right to act by written consent.
- Board Entrenchment Concern – Uncontested director elections are currently conducted using a plurality vote standard.
- The company does not currently disclose a policy for recapturing executive compensation ("Clawback Policy") in the event of executive fraud or misconduct.

What the company agreed to do:

Seek shareowner approval to declassify the board.