

CULINARY WORKERS UNION LOCAL 226

Form PRRN14A

March 28, 2003

SCHEDULE 14A

SCHEDULE 14 INFORMATION

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 [x]

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Name of Registrant as Specified in Its Charter:

The Cheesecake Factory Incorporated

Name of Person(s) Filing Proxy Statement:

Culinary Workers Union, Local 226

Payment of Filing Fee (check the appropriate box)

\$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).

\$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

[PRELIMINARY] PROXY STATEMENT

INDEPENDENT SHAREHOLDER SOLICITATION for
Annual Shareholders Meeting
The Cheesecake Factory Incorporated
May 3 , 2003

[LOCATION]

First released to Shareholders 4/ ___/03

Culinary Workers Union 226
Research Dept.
1630 S. Commerce St.
Tel. (702) 387-7005
Fax: (702) 385-1997

To Fellow Cheesecake Factory shareholders:

Edgar Filing: CULINARY WORKERS UNION LOCAL 226 - Form PRRN14A

We are writing to urge you to support our shareholder proposals recommending reforms in corporate governance at The Cheesecake Factory Incorporated (the "Company") and in the Company's stock option policies.

In our view, a key lesson from the recent corporate scandals is the importance of good corporate governance and clear and transparent accounting standards. In the long term, we believe that good corporate governance can maximize shareholder value, and protect shareholders from potential risks to a company's long-term success.

However, we are concerned about the Company's poor corporate governance practices--and restrictions on shareholder rights. We believe the Company's arsenal of anti-takeover devices a classified board, a stockholder rights plan (or "poison pill"), blank check preferred stock, 80% supermajority voting requirements, and restrictions on shareholders' ability to call special meetings or act by written consent--serve to unduly entrench management and our Board of Directors from shareholder influence. It is our opinion that enhancing shareholder rights at the Company and strengthening the Board's oversight role, rather than maintaining the Company's current entrenchment devices, is the best guarantee to ensure the continuing success of The Cheesecake Factory.

In our view, The Cheesecake Factory's corporate governance practices, by insulating our Board from shareholder accountability, have contributed to the Company's practices regarding stock options. Our Company has aggressively awarded stock options to employees, resulting in significant dilution (and potential future dilution) for shareholders of the Company (see Proposal 1 below for more information). However, the Company has awarded these stock options without accounting for the compensation cost in the income statement, and in large part through an employee stock option plan that has not been approved by shareholders. While these practices are legal, we believe they do not contribute to a clear and straightforward understanding by shareholders of the costs of the Company's stock option policies.

Accordingly, we urge shareholders to support our call for improved corporate governance by voting FOR proposals recommending the board do the following :

1. Adopt a policy to submit for shareholder approval all equity compensation plans, including the Year 2000 Performance Stock Option Plan.
2. Establish a policy of expensing in the Company's annual income statement the costs of all future stock options issued by the Company.
3. Submit the Stockholder Rights Plan or "Poison Pill" to a shareholder vote for approval, and if this approval is not granted in the form of a majority of shares outstanding, then the rights plan be redeemed.
4. Repeal the provisions in the Articles of Incorporation and Bylaws that provide for the Company's classified board.

Edgar Filing: CULINARY WORKERS UNION LOCAL 226 - Form PRRN14A

5. Separate the position of the Chairman of the Board and Chief Executive Officer, and provide that the Chairman be an independent outside director elected by the directors.

6. Broaden shareholder rights by removing the "super-majority" voting requirement