

CHEESECAKE FACTORY INC  
Form DEF 14A  
April 17, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**The Cheesecake Factory Incorporated**

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(Name of Registrant as Specified In Its Charter)

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

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- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
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-

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April 17, 2015

Dear Stockholder:

You are cordially invited to attend The Cheesecake Factory Incorporated ("Company") annual meeting of stockholders on Thursday, May 28, 2015, at 10:00 a.m., Pacific Daylight Time ("Annual Meeting"). The Annual Meeting will be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362. The matters to be acted upon at the Annual Meeting are described in the attached Notice of Annual Meeting of Stockholders ("Notice") and Proxy Statement.

Pursuant to rules adopted by the Securities and Exchange Commission ("SEC"), we are providing you access to our proxy materials over the Internet. This method allows us to deliver the proxy materials to you more quickly, lowers our costs and helps to conserve natural resources. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials ("Notice of Availability") to our stockholders who have not asked us to provide proxy materials in printed form. All stockholders receiving the Notice of Availability can request a printed set of proxy materials. All stockholders can access the proxy materials at [www.proxyvote.com](http://www.proxyvote.com), irrespective of whether they receive the Notice of Availability or a printed copy of the proxy materials. Instructions on how to access the proxy materials online or request a printed copy may be found in the Notice of Availability and in the attached Proxy Statement. In addition, stockholders may request proxy materials in printed form by mail or electronically by email on an ongoing basis.

**YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to vote and submit your proxy online, by telephone or by mail (see below for instructions) in order to ensure the presence of a quorum. If you attend the Annual Meeting, you will have the right to revoke your 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 them to vote your shares.**

Sincerely,

/s/ David Overton

David Overton

*Chairman of the Board and Chief Executive Officer*

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Meeting of Stockholders to Be Held on May 28, 2015:  
The Proxy Statement and Annual Report to Stockholders are available at [www.proxyvote.com](http://www.proxyvote.com).**

Voting online or by telephone is fast and convenient, and your vote is immediately confirmed and posted. To vote online or by telephone, first read the accompanying Proxy Statement and then follow the instructions below:

**VOTE ONLINE**

1. Go to [www.proxyvote.com](http://www.proxyvote.com).
2. Follow the step-by-step instructions provided.

**VOTE BY TELEPHONE**

1. Using a touch-tone telephone, call 1-800-690-6903.
2. Follow the step-by-step instructions provided.

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**THE CHEESECAKE FACTORY INCORPORATED**

26901 Malibu Hills Road  
Calabasas Hills, California 91301

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**on**  
**May 28, 2015**

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The 2015 annual meeting of stockholders of The Cheesecake Factory Incorporated, a Delaware corporation ("Company"), will be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, on Thursday, May 28, 2015, beginning at 10:00 a.m., Pacific Daylight Time ("Annual Meeting"), for the following purposes:

1. To elect seven (7) nominees to serve as directors of the Company for a term to expire at the Company's 2016 annual meeting of stockholders and until their respective successors shall be elected and qualified;
2. To approve an amendment to the 2010 Stock Incentive Plan to increase its maximum authorized shares by 2,400,000 shares, from 6,780,000 shares to 9,180,000 shares and to re-approve the Material Terms of the Performance Goals under the 2010 Stock Incentive Plan;
3. To approve the Material Terms of the Performance Goals under the 2015 Amended and Restated Annual Performance Incentive Plan;
4. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2015, ending December 29, 2015;
5. To approve, on a non-binding, advisory basis, the compensation of the Company's Named Executive Officers as disclosed pursuant to the compensation disclosure rules of the SEC; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on April 6, 2015 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

/s/ Debby R. Zurzolo

Debby R. Zurzolo  
*Secretary*

Calabasas Hills, California  
April 17, 2015

**IF YOU PLAN TO ATTEND THE MEETING**

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Attendance will be limited to stockholders. Stockholders may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts ("street name" holders) will need to bring with them a legal proxy issued in their name from the bank or brokerage in whose name the shares are held in order to vote in person. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

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## **THE CHEESECAKE FACTORY INCORPORATED**

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### **PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 28, 2015**

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## **INTRODUCTION**

### **General**

This Proxy Statement is furnished to the stockholders of The Cheesecake Factory Incorporated, a Delaware corporation ("Company" and "we," "us" or "our"), in connection with the solicitation of proxies by our Board of Directors ("Board") for use at the annual meeting of stockholders to be held at the Janet and Ray Scherr Forum Theatre, Thousand Oaks Civic Arts Plaza, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, on Thursday, May 28, 2015, beginning at 10:00 a.m., Pacific Daylight Time, and at any adjournment or postponement thereof ("Annual Meeting"). We intend this Proxy Statement and proxy voting materials to be available to stockholders on or about April 17, 2015.

### **Internet Availability of Proxy Materials**

Pursuant to rules adopted by the Securities and Exchange Commission ("SEC"), we are providing you access to our proxy materials over the Internet. This method allows us to deliver the proxy materials to you more quickly, lowers our costs and helps to conserve natural resources. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials ("Notice of Availability") to our stockholders who have not asked us to provide proxy materials in printed form. All stockholders receiving the Notice of Availability can request a printed set of proxy materials. All stockholders can access the proxy materials at [www.proxyvote.com](http://www.proxyvote.com), irrespective of whether they receive the Notice of Availability or a printed copy of the proxy materials. Instructions on how to access the proxy materials online or request a printed copy may be found in the Notice of Availability and in this Proxy Statement.

In addition, the Notice of Availability provides instructions to stockholders regarding receiving proxy materials in printed form by mail or electronically by email on an ongoing basis in the future. Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

### **Voting; Quorum; Abstentions and Broker Non-Votes**

On April 6, 2015, the record date fixed by the Board for the Annual Meeting ("Record Date"), 48,546,480 shares of our common stock were outstanding, and there were no outstanding shares of any other class of stock. Each holder of common stock is entitled to one vote for each share of common stock held of record. Only stockholders of record at the close of business on April 6, 2015 will be entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof.

The required quorum for the transaction of business at the Annual Meeting is a majority of the shares entitled to vote at the Annual Meeting, present in person or represented by proxy. Shares of common stock represented by a properly signed and returned proxy will be treated as present at the Annual Meeting for purposes of determining a quorum, regardless of whether the proxy is marked as casting a vote or abstaining (an "abstention") or constitutes a broker non-vote.

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For Proposal 1, our Bylaws provide that, in the election of directors, the nominees receiving the highest number of votes, up to the number of directors to be elected, shall be elected; provided, that in an uncontested election, each nominee must agree that if elected, he or she will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election (such as the election held at this Annual Meeting) means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast "FOR" a director's election exceeds the number of votes cast "AGAINST" that director. Abstentions and broker non-votes are not considered a vote cast and, therefore, will have no effect on the outcome of the vote other than to reduce the number of affirmative votes required to elect a director. "Broker non-votes" are shares of stock held in record name by brokers or nominees for which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable rules or the instrument under which it serves in such capacity.

Proposals 2, 3, 4 and 5 require the approval of a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. Abstentions as to these proposals will count as shares present and entitled to vote on the proposals and, accordingly, will count as votes "AGAINST" the proposal. Broker non-votes are not considered present and entitled to vote on the proposal and will have no effect on the outcome of the vote for the proposal, other than to reduce the number of affirmative votes required to approve the proposal.

## Proxies

Proxies delivered pursuant to this solicitation are revocable prior to their exercise and at the stockholder's option by (i) attending and voting at the Annual Meeting (although attending the Annual Meeting itself will not revoke a proxy), or (ii) filing a written notice with Debby R. Zurzolo, our Secretary, revoking the proxy, or (iii) submitting another duly executed proxy bearing a later date. Unless previously revoked, all proxies representing shares entitled to vote delivered pursuant to this solicitation will be voted at the Annual Meeting by the named attorneys-in-fact and agents, to the extent authorized, in accordance with the directions contained therein.

If no directions are given, the shares represented by such proxies will be voted:

**FOR** the election of the Board's nominees for director: David Overton; Alexander L. Cappello; Jerome I. Kransdorf; Laurence B. Mindel; David B. Pittaway; Douglas L. Schmick; and Herbert Simon;

**FOR** an amendment to the 2010 Stock Incentive Plan to increase its maximum authorized shares by 2,400,000 shares, from 6,780,000 shares to 9,180,000 shares and to re-approve the Material Terms of the Performance Goals under the 2010 Stock Incentive Plan;

**FOR** approval of the Material Terms of the Performance Goals under the 2015 Amended and Restated Annual Performance Incentive Plan;

**FOR** the ratification of the selection of PricewaterhouseCoopers LLC as our independent registered public accounting firm for fiscal year 2015, ending December 29, 2015; and

**FOR** approval of, on a non-binding, advisory basis, the compensation of the Company's Named Executive Officers as disclosed pursuant to the compensation disclosure rules of the SEC.

The named proxy holders may vote in their discretion upon such other matters as may properly come before the Annual Meeting, including any motion made for adjournment or postponement (including for purposes of soliciting additional votes).

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**Solicitation**

We pay for the cost of preparing, assembling and mailing the Notice of Internet Availability of Proxy Materials, the Notice of Annual Meeting and Proxy Statement and the cost of this solicitation. Our directors, officers and other staff members may solicit proxies, without additional remuneration, in person or by telephone, facsimile or email transmission. Banks, brokerage houses and other custodians, nominees or fiduciaries will be asked to forward soliciting material to their principals and to obtain authorization for the execution of proxies, and we will reimburse them for their reasonable out-of-pocket expenses incurred in that regard.

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**ITEMS TO BE VOTED ON**

**PROPOSAL ONE  
Election of Directors**

***General***

Our Bylaws provide for a board of directors consisting of no less than five and no more than thirteen members. The exact number within this range is determined by resolution of the Board. The Board currently has set the number of directors at seven.

***Nominees***

The Corporate Governance and Nominating Committee of the Board ("Governance Committee") recommended the nomination, which the Board approved, of the following individuals for re-election to the Board for a term that will expire at the 2016 annual meeting of stockholders and until their respective successors shall be elected and duly qualified: David Overton; Alexander L. Cappello; Jerome I. Kransdorf; Laurence B. Mindel; David B. Pittaway; Douglas L. Schmick; and Herbert Simon. All nominees are current directors of the Company. For biographical information regarding the director nominees, please see the section entitled "*Our Board of Directors and Director Nominees*" in this Proxy Statement.

Unless a stockholder specifies otherwise, the shares represented by each returned proxy will be voted **FOR** the election of David Overton; Alexander L. Cappello; Jerome I. Kransdorf; Laurence B. Mindel; David B. Pittaway; Douglas L. Schmick; and Herbert Simon.

In the event that any of the nominees becomes unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote the proxies for any substitute nominee designated by the Board to fill the vacancy.

***Required Vote***

Our Bylaws provide that, in the election of directors, the nominees receiving the highest number of votes, up to the number of directors to be elected, shall be elected; provided, that in an uncontested election, each nominee must agree that if elected, he or she will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election (such as the election held at this Annual Meeting) means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast "FOR" a director's election exceeds the number of votes cast "AGAINST" that director. Abstentions and broker non-votes are not considered a vote cast and, therefore, will have no effect on the outcome of the vote other than to reduce the number of affirmative votes required to elect a director. "Broker non-votes" are shares of stock held in record name by brokers or nominees for which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable rules or the instrument under which it serves in such capacity.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THE ELECTION OF DAVID OVERTON, ALEXANDER L. CAPPELLO, JEROME I. KRANSDORF, LAURENCE B. MINDEL, DAVID B. PITTAWAY, DOUGLAS L. SCHMICK AND HERBERT SIMON TO THE BOARD OF DIRECTORS.**

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**PROPOSAL TWO**  
**Approval of an Amendment to the 2010 Stock Incentive Plan**  
**to Increase its Maximum Authorized Shares and to Re-Approve the Material**  
**Terms of the Performance Goals Under the 2010 Stock Incentive Plan**

*Summary*

Our Board believes that a balanced approach to compensation requires both short-term and long-term incentives. We provide long-term incentives in the form of equity compensation, which we believe aligns management's interests with the interests of our stockholders and fosters an ownership mentality that drives optimal decision-making for the long-term health and profitability of our Company. Equally important, equity compensation is critical to our continuing ability to attract, retain and motivate qualified corporate executives and restaurant management, as well as other restaurant, bakery and corporate employees. Utilizing equity compensation as a part of our total compensation strategy has been important to our past success, and we expect it to be crucial to achieving our long-term growth strategy. However, the current authorization under our 2010 Stock Incentive Plan ("2010 Stock Plan") is limited, and will provide only enough shares for us to grant equity compensation in accordance with our total compensation strategy through fiscal 2015 based on the current scope and structure of our equity incentive programs. While we use a value based approach to granting equity, even if a significant increase in our stock price occurs, we still may not have a sufficient number of shares to meet our granting requirements through the first quarter of 2016, including shares for grant to our executives in fiscal year 2016. Moreover, if our stock price were to decrease, the deficiency would be even greater. Accordingly, our Board has amended the 2010 Stock Plan by increasing its maximum share authorization, along with making a few immaterial modifications to the 2010 Stock Plan, and we are asking you to approve this amendment.

Additionally, Internal Revenue Code ("Code") Section 162(m) generally does not allow a publicly-held corporation to claim a federal income tax deduction for compensation that exceeds \$1 million paid in any tax year to a "Covered Employee" (defined under Section 162(m) of the Code as our principal executive officer and each of the other three most highly compensated officers, other than the principal financial officer). However, "performance-based compensation" is specifically exempt from the Code Section 162(m) \$1 million annual tax deduction limit, provided that certain requirements are satisfied. One such requirement is that the corporation's stockholders approve the "Material Terms" (defined below) under which the performance-based compensation is to be paid, at least every five years if (as is the case under the 2010 Stock Plan) the plan's committee has authority to change the specific targets under the stockholder approved performance goal(s). Our stockholders last approved the Material Terms of the 2010 Stock Plan at our 2010 annual meeting of stockholders. Accordingly, under this Proposal 2, we also are asking you to re-approve the Material Terms of the 2010 Stock Plan at the Annual Meeting. No change has been made to the Material Terms of the 2010 Stock Plan.

The complete text of the 2010 Stock Plan, as amended, is attached as Appendix A to this Proxy Statement. Stockholders are urged to review the 2010 Stock Plan, as amended, together with the following information, which is qualified in its entirety by reference to Appendix A. If there is any inconsistency between this Proposal 2 and the 2010 Stock Plan terms, as amended, or if there is any inaccuracy in this Proposal 2, the terms of the amended 2010 Stock Plan shall govern. If our stockholders do not approve this Proposal 2, the share increase will not take effect and the Material Terms will not be deemed approved for purposes of Section 162(m) of the Code. However, the 2010 Stock Plan will remain in full effect according to its pre-amended terms, and we will be able to continue to make awards under the 2010 Stock Plan subject to the existing authorized share limits provided that all future grants made to Covered Employees will not be deemed performance-based compensation exempt from Code Section 162(m) limitations, even if such grants include a performance requirement.

Table of Contents***Background for the Current Request to Increase Authorized Shares***

On April 2, 2015, the Board approved an amendment to our 2010 Stock Plan to increase the number of shares of common stock available for grant under the 2010 Stock Plan by 2,400,000 shares, which will increase the authorized shares from 6,780,000 shares to 9,180,000 shares (the "Amendment"). As of March 31, 2015, the last day of our first fiscal quarter of 2015, the following equity compensation awards were outstanding:

	2010 Stock Plan	2010 Stock Plan and Prior Equity Compensation Plans
Shares subject to Stock Options	2,075,440	4,042,782
Stock Option Weighted Average Exercise Price	\$ 36.55	\$ 28.43
Stock Option Weighted Average Remaining Term	5.50	3.86
Restricted Shares and Stock Units	1,862,815	1,864,784
Unissued Shares Available for Future Grant (taking into account Fungible Share Counting Methodology)	184,690	184,690

Except as noted above, the share amounts in the above table represent the actual number of shares and do not reflect the 2010 Stock Plan fungible share counting methodology which is described below in the "*Shares Subject to the 2010 Stock Plan*" section.

The proposed Amendment is intended to provide us with a sufficient number of shares to satisfy our equity grant requirements until our 2017 annual meeting of stockholders ("2017 Annual Meeting"), based on the current scope and structure of our equity incentive programs and the rate at which we expect to grant stock options, restricted stock, stock units and/or other forms of equity compensation. If we do not receive approval of the proposed Amendment at this Annual Meeting, we expect to exhaust the shares we have available for grant before the 2016 annual meeting, which is our next opportunity to request stockholder approval of additional shares. As a result, we would not be able to make our annual equity grants to executives and key employees in the first quarter of fiscal 2016. Without the ability to grant equity, we would need to shift our historically-successful compensation program from a balanced mix of equity and cash compensation to one that is primarily cash-based. We believe this would be detrimental to our goal of aligning executives and employees' interests with that of stockholders, as well as negatively impacting our earnings per share growth.

The 2010 Stock Plan, with a share authorization of 3,800,000 shares, was originally approved by our stockholders at our 2010 annual meeting of stockholders and replaced our Amended and Restated 2001 Omnibus Stock Incentive Plan ("2001 Stock Plan") with respect to grants of future equity compensation awards to certain employees and consultants (collectively, "Selected Participants"). Any remaining authorized but unissued shares available for grant under the 2001 Stock Plan were canceled upon stockholder approval of the 2010 Stock Plan. The 2010 Stock Plan has been subsequently amended, with each such amendment approved by our stockholders so that the number of authorized shares has increased to 6,780,000 shares with stockholder approval. On April 2, 2015, our Board approved an increase (subject to stockholder approval at the Annual Meeting) of 2,400,000 shares in the number of shares available for grant under the 2010 Stock Plan, which will increase the authorized shares from 6,780,000 shares to 9,180,000 shares. This increase in the number of shares available for grant constitutes approximately 5% of our issued and outstanding shares of common stock of the Company as of the Record Date.

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When approving the increase of 2,400,000 shares in the number of shares available for grant under the 2010 Stock Plan, from 6,780,000 shares to 9,180,000 shares, the Board considered a number of factors, including those set forth below.

*Alignment with our Stockholders.* Achieving superior, long-term results for our stockholders remains one of our primary objectives. In order for our employees to think and act like owners, we use equity as a central component of our overall compensation strategy at multiple levels of management within our Company. We believe that stock ownership enhances the alignment of the long-term economic interests of our employees and our stockholders.

We historically grant our annual equity awards in the first quarter of each fiscal year, which is also when we determine other components of compensation. We make additional grants periodically in connection with corporate management promotions, new hires and restaurant management entry into our Managing Equity Program, the program under which we grant equity awards to our general managers, executive kitchen managers, area directors of operation and area kitchen operations managers who satisfy all applicable eligibility requirements of the program. As of March 31, 2015, the last day of our first fiscal quarter of 2015, only 184,690 unissued shares were available for future equity grants under the 2010 Stock Plan (such share amount does not reflect the 2010 Stock Plan fungible share counting methodology which is described below in the "Shares Subject to the 2010 Stock Plan" section). We project that between our 2015 Annual Meeting and 2016 Annual Meeting, awards covering approximately 1,200,000 shares (applying the 2010 Stock Plan's fungible share counting methodology as discussed below in the "Shares Subject to the 2010 Stock Plan" section) will be granted under the 2010 Stock Plan. If the proposed Amendment to the 2010 Stock Plan is not approved by stockholders, we would be unable to grant equity as part of our total compensation strategy after fiscal 2015. As a result, our ability to maintain our total compensation strategy, including adequately planning for annual grants in fiscal 2016 will be jeopardized. If we are unable to continue our current equity compensation program, our ability to align our employees' long-term economic interests with those of our stockholders will be significantly hampered.

*Attract, Motivate and Retain High Performers.* We compete for corporate and restaurant management talent in a variety of geographic and talent markets and strive to maintain compensation programs that are competitive in our industry in order to attract, motivate and retain high performers. Our use of equity compensation is not limited to corporate executives, but also extends to our restaurant management personnel, specifically our General Managers and Executive Kitchen Managers the individuals responsible for the day-to-day operations in our restaurants. As of the Record Date, approximately 474 corporate executives, restaurant management, bakery management and corporate support staff members have outstanding equity awards under the 2010 Stock Plan. We believe the equity component of our total compensation package contributes to the retention of these talented employees and helps us maintain one of the lowest turnover rates in our industry for these positions. If we are unable to grant equity as part of our overall compensation strategy due to the lack of adequate share authorization under our 2010 Stock Plan, our ability to attract and retain all levels of talent we need to operate our business successfully may be significantly harmed.

*Equity vs. Cash Compensation.* If the proposed Amendment to the 2010 Stock Plan is not approved by stockholders in 2015, we will have to substantially alter our historically-successful compensation program which includes equity as well as cash compensation. If we adopt alternative compensation programs that are more cash-based, we believe that the level of cash compensation required to offset the lack of availability of equity grants could result in (i) an increase in our compensation costs, which would be detrimental to our future operating results, and (ii) a decrease in our cash flow, which would reduce the cash available to return to stockholders through dividends and stock repurchase plans.

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*Balanced Approach to Compensation.* We believe that a balanced approach to compensation using a mix of salaries, performance-based bonus incentives and long-term equity incentives encourages management to make decisions that favor long-term stability and profitability, rather than short-term results. If the proposed Amendment to the 2010 Stock Plan is not approved by stockholders, our ability to continue to retain this balanced approach to compensation would be hampered.

*Burn Rate and Dilution.* When deciding if, and by how much, to increase the number of shares available for grant under the 2010 Stock Plan, the Board evaluated the current amount of shares available to grant, our projected need for equity grants over the next two years, our 3-year average and most current fiscal year gross burn rate and the dilutive impact of the proposed share increase.

Burn rate is the rate at which a company is granting equity compensation share awards. Using the Institutional Shareholder Services (ISS) methodology, we express our burn rate as the gross number of such shares awarded as a percentage of our weighted average shares outstanding. Grants of full-value awards (e.g. restricted stock or stock units) are adjusted in this computation and are multiplied by a factor based on our stock price volatility. Canceled or forfeited equity compensation awards are excluded from this calculation. Our three-year average gross burn rate for fiscal years 2014, 2013, and 2012 is 4.24% versus an industry cap of 4.21%, as set forth by ISS for 2015. Additionally, our 1-year burn rate decreased to 3.46% using the same methodology. We estimate that based on our projected share usage for fiscal 2015, our current year burn rate will remain about the same as the prior year. Therefore, the Board determined that our current and projected rates of equity compensation usage are reasonable.

In addition, the Board considered whether the potential dilutive effect to stockholders is reasonable. Dilution is calculated by adding the number of shares subject to outstanding awards plus shares available to grant plus the proposed additional shares, and expressing such sum as a percentage of the total number of diluted outstanding shares. The Board considered that if we were to increase the number of shares available under the 2010 Stock Plan by 2,400,000 (which itself represents only 5% of our total number of outstanding shares), from 6,780,000 shares to 9,180,000 shares, dilution would be approximately 15%. This represents an increase from 13.4% dilution in 2014, and a decrease from 16.6% dilution in 2013, and 23.8% dilution in 2012. We seek to offset stockholder dilution resulting from our equity compensation program by our previously announced share repurchase program. In July, 2013, the Board increased the authorization to repurchase the Company's common stock by 7.5 million shares to 48.5 million shares. Under this and all previous authorizations, we have cumulatively repurchased 43.6 million shares at a total cost of \$1,239.0 million through March 31, 2015, including 1.7 million shares of common stock at a cost of \$80.4 million during the first quarter of fiscal year 2015. The Company's share repurchase authorization does not have an expiration date, does not require the Company to purchase a specific number of shares and may be modified, suspended or terminated at any time.

After carefully considering each of these points, the Board strongly believes the proposed Amendment to the 2010 Stock Plan is essential for our future success and encourages stockholders to consider these points in voting to approve the proposed Amendment.

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***Proposed Amendment of Section 5(a) and Text of 2010 Stock Plan***

Under the proposed Amendment, Section 5(a) of the 2010 Stock Plan would be amended in full to read as follows (and such amended provision to increase the Share Issuance Limit is the only material amendment to the 2010 Stock Plan):

**"Section 5. SHARES SUBJECT TO PLAN AND PLAN LIMITS.**

(a) ***Basic Limitations and Fungible Share Counting.*** The Common Stock issuable under the Plan shall be authorized but unissued Shares or treasury Shares. Subject to adjustment as provided in Section 11, the aggregate number of Shares reserved for issuance under the Plan shall not exceed 9,180,000 Shares ("Share Issuance Limit"). Subject to Section 5(b), the number of Shares available for issuance under the Plan shall be reduced: by one (1) Share for each Share issued pursuant to an exercise of an Option or an SAR and by two (2) Shares for each Share issued pursuant to a Restricted Stock Grant or settlement of Stock Units (for avoidance of doubt, two (2) Shares shall again become available for issuance for every Share of a Restricted Stock Grant that is forfeited back to the Company under Section 5(b)). In addition, the following Shares may not again be made available for issuance under the Plan and shall count on a one-for-one basis against the Share Issuance Limit: (i) Shares not issued or delivered as a result of the net settlement of an outstanding SAR or Option, (ii) Shares used to pay the Exercise Price or withholding taxes related to an outstanding Award, or (iii) Shares repurchased on the open market with the proceeds of an Option's Exercise Price. The aggregate number of Shares that may be issued in connection with ISOs under the Plan shall not exceed 3,800,000 Shares."

In addition to the increase in shares from 6,780,000 shares to 9,180,000 shares, the Amendment included certain immaterial revisions to the 2010 Stock Plan. Stockholders are urged to review the 2010 Stock Plan and the proposed Amendment together with the following information, which is qualified in its entirety by reference to the complete text of the 2010 Stock Plan, as last amended by our Board on April 2, 2015, and attached as *Appendix A* hereto.

***Summary of the 2010 Stock Plan as Amended***

***Background and Purpose of the 2010 Stock Plan.*** The purpose of the 2010 Stock Plan is to promote our long-term success and the creation of stockholder value by:

Attracting and retaining the services of employees and certain key service providers who would be eligible to receive grants as Selected Participants,

Aligning Selected Participants' interests with the interests of our stockholders through compensation that is based upon the performance of our common stock,

Motivating Selected Participants, through the award of equity compensation grants, to achieve long-term performance goals,

Providing a vehicle to grant equity compensation awards, which allows us to provide a balanced mix of compensation to our Selected Participants, and

Providing a long-term compensation program that is competitive compared to other companies.

***Eligibility to Receive Awards.*** Our employees and consultants, and those of certain of our affiliated companies, are eligible to receive awards under the 2010 Stock Plan. The 2010 Stock Plan Committee determines, in its discretion, the Selected Participants to be granted awards under the 2010 Stock Plan. As of March 31, 2015, approximately 515 employees (including four executive officers plus one executive officer who is also an employee director) and no non-employee consultants were eligible to participate in the 2010 Stock Plan. The total number of employees employed by us as of March 31, 2015 was approximately 36,000. Non-employee directors are not eligible to participate in the 2010 Stock Plan.



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*Shares Subject to the 2010 Stock Plan.* If stockholders approve the proposed Amendment to the 2010 Stock Plan pursuant to this Proposal 2, the maximum number of common shares that can be issued under the 2010 Stock Plan will increase by 2,400,000 shares, from 6,780,000 shares to 9,180,000 shares. We recognize the greater intrinsic value of restricted stock and stock units and, accordingly, we designed the 2010 Stock Plan with a fungible share counting methodology such that shares issued as restricted stock and stock units, and which are not forfeited, count as two shares against this limit. The shares underlying forfeited or terminated awards become available again for issuance under the 2010 Stock Plan, but shares used to pay an award's exercise price or tax withholding obligations count against the 2010 Stock Plan's share limit.

*Administration of the 2010 Stock Plan.* The 2010 Stock Plan is administered by the "2010 Stock Plan Committee." The members of the 2010 Stock Plan Committee must be independent "Non-Employee Directors" under Rule 16b-3 of the Securities Exchange Act of 1934, and "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Board has designated its Compensation Committee as the 2010 Stock Plan Committee, all of whose members are independent outside directors in accordance with the NASDAQ Listing Rules. Subject to the terms of the 2010 Stock Plan, the 2010 Stock Plan Committee has the sole discretion, among other things, to:

Select the individuals who will receive awards,

Determine the terms and conditions of awards (for example, performance conditions imposed to satisfy the requirements of performance-based compensation under Code Section 162(m) or otherwise, if any, and vesting schedule),

Correct any defect, supply any omission, or reconcile any inconsistency in the 2010 Stock Plan or any award agreement,

Accelerate the vesting, extend the post-termination exercise term or waive restrictions of any awards at any time and under such terms and conditions as it deems appropriate, subject to the limitations set forth in the 2010 Stock Plan, and

Interpret the provisions of the 2010 Stock Plan and outstanding awards.

The 2010 Stock Plan Committee also may use the 2010 Stock Plan to issue shares under other plans or subplans as may be deemed necessary or appropriate, such as to provide for participation by non-U.S. employees and those of any of our subsidiaries and affiliates. In addition, awards may be subject to any policy that the Board may implement on the recoupment of compensation (referred to as a "clawback" policy) including without limitation the Company's Policy on Reimbursement of Incentive Payments. The members of the Board, the 2010 Stock Plan Committee and their delegates are indemnified by the Company to the maximum extent permitted by applicable law for actions taken or not taken with respect to the 2010 Stock Plan.

*Types of Awards.* The 2010 Stock Plan permits the discretionary award of incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), restricted stock, stock units and/or SARs to Selected Participants. As of the Record Date, the 2010 Stock Plan has only included grants of NSOs, restricted stock and stock units. Awards issued under the 2010 Stock Plan are evidenced by a written agreement executed by and between the Company and the Selected Participant. The written agreement recites the specific terms and conditions of the award.

*Stock Options.* A stock option is the right to acquire shares at a fixed exercise price over a fixed period of time. The 2010 Stock Plan Committee determines the number of shares covered by each stock option and the exercise price of the shares subject to each stock option, but the per share exercise price cannot be less than the fair market value of a share of our common stock on the date of grant of the stock option.

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Stock options granted under the 2010 Stock Plan may be either ISOs or NSOs. As required by the Code and applicable regulations, ISOs are subject to various limitations not imposed on NSOs. For example, the exercise price for any ISO granted to any employee owning more than 10% of our common stock may not be less than 110% of the fair market value of the common stock on the date of grant, and such ISO must expire not later than five years after the grant date. The aggregate fair market value (determined at the date of grant) of common stock subject to all ISOs held by a participant that are first exercisable in any single calendar year cannot exceed \$100,000. ISOs may not be transferred other than upon death, or to a revocable trust where the participant is considered the sole beneficiary of the stock option while it is held in trust. The 2010 Stock Plan provides that no more than 3,800,000 shares may be issued pursuant to the exercise of ISOs.

A stock option granted under the 2010 Stock Plan generally cannot be exercised until it vests. The 2010 Stock Plan Committee establishes the vesting schedule of each stock option at the time of grant. The maximum term for stock options granted under the 2010 Stock Plan prior to February 2013 could not exceed ten years from the date of grant and, thereafter, may not exceed eight years from the date of grant, although the 2010 Stock Plan Committee may establish a shorter period at its discretion. The 2010 Stock Plan Committee has historically granted options with an eight-year term. As of the Record Date, no ISOs have been granted under the 2010 Stock Plan.

The exercise price of each stock option granted under the 2010 Stock Plan must be paid in full at the time of exercise, either with cash, through a broker-assisted "cashless" exercise and sale program, or through another method approved by the 2010 Stock Plan Committee. The optionee must pay any taxes that we are required to withhold at the time of exercise. The exercise price of outstanding stock options may not be reduced or lowered without the approval of Company stockholders.

*Restricted Stock.* Awards of restricted stock are shares of common stock that vest in accordance with the terms and conditions established by the 2010 Stock Plan Committee. The 2010 Stock Plan Committee also determines any other terms and conditions of a restricted stock award. In determining whether a restricted stock award should be made, and/or the vesting schedule for any such award, the 2010 Stock Plan Committee may impose whatever conditions to vesting it determines to be appropriate; provided, however, that generally no vesting will be permitted until at least one year after grant.

*Stock Units.* Stock units are the right to receive an amount of shares or cash or any combination thereof equal to the fair market value of the shares covered by the stock unit at some future date after the grant. The 2010 Stock Plan Committee determines all of the terms and conditions of an award of stock units, including the vesting period; provided, however, that generally no vesting will be permitted until at least one year after grant. Upon each vesting date of a stock unit, a Selected Participant will be entitled to receive an amount of shares or cash, or any combination thereof, equal to the then fair market value of the shares on the settlement date. The 2010 Stock Plan Committee may determine that an award of stock units will vest only if we satisfy performance goals established by the 2010 Stock Plan Committee. Settlement of stock units generally occurs within thirty days of vesting, unless the Selected Participant has timely elected to defer such compensation.

*Stock Appreciation Rights ("SARs").* An SAR is the right to receive, upon exercise, an amount equal to the difference between the fair market value of the shares covered by the SAR on the date of exercise and the fair market value of those shares on the date of grant. The 2010 Stock Plan Committee determines the terms of SARs, including the exercise price (provided that the exercise price per share cannot be less than the fair market value of a share of our common stock on the date of grant), the vesting schedule and the term of the SAR. The maximum term life for SARs granted under the 2010 Stock Plan prior to February 2013 could not exceed ten years and, thereafter, may not exceed eight years from the date of grant, subject to the 2010 Stock Plan Committee's discretion to establish a shorter period. The 2010 Stock Plan Committee may determine that an SAR will only be exercisable if we satisfy performance goals established by the 2010 Stock Plan Committee. The exercise price of outstanding SARs may not be

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reduced or lowered without the approval of Company stockholders. Settlement of an SAR may be in shares of common stock or in cash, or any combination thereof, as the 2010 Stock Plan Committee may determine. As of the Record Date, no SARs have been granted under the 2010 Stock Plan.

***Other Provisions of the 2010 Stock Plan as Amended***

***Dividend Rights.*** In the third quarter of fiscal 2012, our Board initiated a dividend payable on shares of our common stock, including Restricted Stock granted under the 2010 Stock Plan. Any dividends on shares of unvested Restricted Stock issued under the 2010 Stock Plan are accrued rather than paid to the holder and are subject to the same vesting conditions and restrictions as the underlying shares of Restricted Stock with respect to which the dividends are paid. Accrued dividends are payable at the time the underlying Restricted Stock grant vests or are forfeited if the grant does not vest according to its terms.

***Limited Transferability of Awards.*** Awards granted under the 2010 Stock Plan generally are not transferrable other than upon death or pursuant to a court-approved domestic relations order. However, the 2010 Stock Plan Committee may, in its discretion, permit the transfer of awards other than ISOs. Generally, where transfers are permitted, they will be permitted only by gift to a member of the Selected Participant's immediate family or to a trust or other entity for the benefit of the member(s) of the Selected Participant and/or his or her immediate family.

***Termination of Service.*** Unless an applicable award agreement or a Selected Participant's employment agreement, if any, provides otherwise, the rules of the 2010 Stock Plan govern the vesting, exercisability and the term of any outstanding awards held by a Selected Participant who experiences a termination of service. The effect of such rules depends on the cause of a Selected Participant's termination of service. For instance, a termination of service for cause may be treated differently than a termination of service due to retirement, death or disability, which may be treated differently than a termination of service for any other reason.

***Adjustments upon Changes in Capitalization.*** In the event of a stock split of our outstanding shares, stock dividend, dividend payable in a form other than shares in an amount that has a material effect on the price of the shares, consolidation, combination or reclassification of the shares, recapitalization, spin-off, or other similar occurrence, then the number and class of shares issued under the 2010 Stock Plan and subject to each award, as well as the number and class of shares available for issuance under the 2010 Stock Plan and the per-participant fiscal grant limits, shall each be equitably and proportionately adjusted by the 2010 Stock Plan Committee.

***Corporate Transaction.*** In the event that we are a party to a merger or other reorganization, outstanding 2010 Stock Plan awards will be subject to the agreement of merger or reorganization. Such agreement may provide for (i) the continuation of the outstanding awards by us if we are a surviving corporation, (ii) the assumption of the outstanding awards by the surviving corporation or its parent, (iii) full exercisability or full vesting, or (iv) cancellation of outstanding awards with or without consideration, in all cases with or without consent of the Selected Participant. The Board or 2010 Stock Plan Committee need not adopt the same rules for each award or Selected Participant.

***Change in Control.*** The 2010 Stock Plan Committee will decide the effect of a change in control of the Company on outstanding awards. The 2010 Stock Plan Committee may, among other things, provide that awards will fully vest upon a change in control, or upon a change in control followed by an involuntary termination of employment within a certain period of time, unless a participant's employment agreement, if any, provides otherwise.

***Term of the 2010 Stock Plan.*** The 2010 Stock Plan is effective until February 24, 2020, or until earlier terminated by the Board. However, awards that are outstanding as of the termination of the 2010 Stock Plan shall continue to remain outstanding in accordance with their terms.

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*Governing Law.* The 2010 Stock Plan is governed by the laws of the State of Delaware (which is the state of our incorporation), except for conflict of law provisions.

*Amendment and Termination of the 2010 Stock Plan.* The Board generally may amend or terminate the 2010 Stock Plan at any time and for any reason, except that it must obtain stockholder approval of material amendments, including any addition of shares or repricing of stock options or stock appreciation rights after the date of their grant as required by NASDAQ Listing Rules.

***Request to Re-Approve Material Terms of the Performance Goals Under the 2010 Stock Plan***

For compensation to qualify as "performance-based compensation" under Code Section 162(m), one requirement is that a corporation's stockholders approve the "material terms of the performance goals" under which performance-based compensation is to be paid, at least every five (5) years if (as is the case under the 2010 Stock Plan) the plan's committee has authority to change the specific targets under the stockholder approved performance goal(s). Under Code Section 162(m), the material terms of the performance goal ("Material Terms") requiring stockholder approval are:

The employees eligible to receive the performance-based compensation;

A description of the business criteria on which each performance goal is based; and

Either the formula used to calculate the performance-based compensation, or, alternatively, the maximum amount of such compensation that could be awarded or paid to any eligible employee if the applicable performance goals are met.

*Participant Eligibility.* Our employees and consultants, and those of certain of our subsidiaries and affiliated companies, are eligible to receive awards under the 2010 Stock Plan. Non-employee directors are not eligible to participate in the 2010 Stock Plan. The 2010 Stock Plan Committee determines, in its discretion, the Selected Participants to be granted awards under the 2010 Stock Plan.

*Performance Condition Business Criteria.* The 2010 Stock Plan specifies performance conditions that the 2010 Stock Plan Committee may include in awards intended to qualify as performance-based compensation under Code Section 162(m). These performance criteria are limited to one or more of the following target objectives involving us or a subsidiary or affiliate of ours:

return on equity;

earnings per share;

net income;

earnings per share growth;

return on invested capital;

return on assets;

economic value added;

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earnings before interest and taxes (EBIT);

revenue growth;

gross margin return on inventory investment;

fair market value or price of the Company's shares (including, but not limited to, growth measures and total stockholder return);

operating profit;

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consolidated income from operations;

cash flow (including, but not limited to, cash flow from operations and free cash flow);

cash flow return on investments (which equals net cash flow divided by total capital);

internal rate of return;

net present value;

costs or expenses;

market share;

customer satisfaction;

corporate transactions including without limitation mergers, acquisitions, dispositions and/or joint ventures;

product development;

capital expenditures;

earnings before interest, taxes, depreciation and amortization (EBITDA), and/or

revenues

If this Proposal 2 is approved by stockholders, then each of the above performance criteria would be approved for use (until the earlier of our annual meeting of stockholders in 2020 or the expiration of the 2010 Stock Plan), at the 2010 Stock Plan Committee's discretion, in awards that are intended to qualify as performance-based compensation under Code Section 162(m). While the 2010 Stock Plan Committee intends to include one or more of the foregoing performance conditions in awards of restricted stock and stock units to Covered Employees made under the 2010 Stock Plan, due to the complexities of Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance that such awards would qualify as "performance-based compensation" such that the Company would be able to claim a tax deduction for such awards without limitation under Code Section 162(m). Certain other awards, such as stock options, may also qualify as performance-based compensation under Code Section 162(m) without including of any of the above performance conditions.

*Limitations on the Magnitude of Grants.* The 2010 Stock Plan imposes the following individual fiscal year grant limits on awards:

	<b>Share Grant Limit Per Fiscal Year</b>
<i>Stock Options and SARs</i>	200,000 shares
<i>Restricted Stock and Stock Units</i>	100,000 shares

The above share grant limits are doubled for awards that are granted (i) in the fiscal year the Covered Employee commences employment, (ii) to an employee who is promoted to the position of our chief executive officer, or (iii) when an employee first becomes a Covered Employee.

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It is impossible to be certain that all 2010 Stock Plan awards or any other compensation paid by the Company to Covered Employees will be tax deductible, and not all awards granted under the 2010 Stock Plan to Covered Employees or other participants include qualified performance-based conditions. Further, the 2010 Stock Plan does not preclude the 2010 Stock Plan Committee from making other compensation payments outside of the 2010 Stock Plan to Covered Employees, even if such payments do not qualify for tax deductibility under Code Section 162(m). See also the section under the heading "*Internal Revenue Code Section 162(m) Limits*" below for further information on Code Section 162(m).

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***Certain Federal Income Tax Information***

The following is a general summary, as of March 2015, of the federal income tax consequences to us and to U.S. participants for awards granted under the 2010 Stock Plan. The federal tax laws may change and the federal, state and local tax consequences for any participant will depend upon his or her individual circumstances. This summary is not intended to be exhaustive and does not discuss the tax consequences of a participant's death or provisions of income tax laws of any municipality, state or other country. We advise participants to consult with a tax advisor regarding the tax implications of their awards under the 2010 Stock Plan.

***Incentive Stock Options.*** For federal income tax purposes, the holder of an ISO has no taxable income at the time of the grant or exercise of the ISO. If such person retains the common stock acquired under the ISO for a period of at least two years after the stock option is granted and one year after the stock option is exercised, any gain upon the subsequent sale of the common stock will be taxed as a long-term capital gain. A participant who disposes of shares acquired by exercise of an ISO prior to the expiration of two years after the stock option is granted or before one year after the stock option is exercised will realize ordinary income equal to the lesser of (i) the excess of the fair market value over the exercise price of the shares on the date of exercise, or (ii) the excess of the amount realized on the disposition over the exercise price for the shares. Any additional gain or loss recognized upon any later disposition of the shares would be a short- or long-term capital gain or loss, depending on whether the shares have been held by the participant for more than one year. Utilization of losses is subject to special rules and limitations. The difference between the option exercise price and the fair market value of the shares on the exercise date of an ISO is an adjustment in computing the holder's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the participant's regular income tax for the year.

***Nonstatutory Stock Options.*** A participant who receives an NSO generally will not realize taxable income on the grant of such option, but will realize ordinary income at the time of exercise of the stock option equal to the difference between the option exercise price and the fair market value of the stock on the date of exercise. Any additional gain or loss recognized upon any later disposition of the shares would be short- or long-term capital gain or loss, depending on whether the shares had been held by the participant for more than one year, or such other period of time as may then be required to qualify for long-term capital gain or loss under applicable tax rules.

***Restricted Stock.*** A participant will generally not have taxable income upon grant of unvested restricted shares unless he or she elects to be taxed at that time pursuant to an election under Code Section 83(b). Instead, he or she will recognize ordinary income at the time(s) of vesting equal to the fair market value (on each vesting date) of the shares or cash received minus any amount paid for the shares, if any.

***Stock Units.*** No taxable income is generally reportable when unvested stock units are granted to a participant. Upon settlement of the vested stock units, the participant will recognize ordinary income in an amount equal to the fair market value of the shares issued or payment received in connection with the vested stock units.

***Stock Appreciation Rights.*** No taxable income is generally reportable when a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received plus the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of any shares received would be a short- or long-term capital gain or loss, depending on whether the shares had been held by the participant for one year or more, or such other period of time as may then be required to qualify for long-term capital gain or loss under applicable tax rules.



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*Income Tax Effects for the Company.* We generally will be entitled to a tax deduction in connection with an award under the 2010 Stock Plan in an amount equal to the ordinary income realized by a participant at the time the participant recognizes such income (for example, upon the exercise of an NSO).

*Internal Revenue Code Section 162(m) Limits.* Section 162(m) of the Code places a limit of \$1 million on the amount of compensation that we may deduct in any one fiscal year with respect to our Covered Employees. The 2010 Stock Plan is intended to enable certain awards to constitute performance-based compensation not subject to the annual deduction limitations of Section 162(m) of the Code. However, to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Board has not adopted a policy that all compensation must be tax deductible or be intended to qualify as performance-based compensation and certain grants made to Covered Employees under the 2010 Stock Plan may not be deductible by the Company, in whole or in part.

*Internal Revenue Code Section 280G.* For certain persons, if a change in control of the Company causes an award to vest or become newly payable, or if the award was granted within one year of a change in control and the value of such award or vesting or payment, when combined with all other payments in the nature of compensation contingent on such change in control, equals or exceeds the dollar limit provided in Section 280G of the Code (generally, this dollar limit is equal to three times the five-year historical average of the individual's annual compensation received from the Company), then the entire amount exceeding the individual's average annual compensation will be considered an excess parachute payment. The recipient of an excess parachute payment must pay a 20% excise tax on this excess amount and the Company cannot deduct the excess amount from its taxable income.

*Internal Revenue Code Section 409A.* Section 409A of the Code governs the federal income taxation of certain types of nonqualified deferred compensation arrangements. A violation of Section 409A of the Code generally results in an acceleration of the recognition of income of amounts intended to be deferred and the imposition of a federal excise tax of 20% on the employee over and above the income tax owed, plus possible penalties and interest. The types of arrangements covered by Section 409A of the Code are broad and may apply to certain awards available under the 2010 Stock Plan (such as stock units). The intent is for the 2010 Stock Plan, including any awards available thereunder, to comply with the requirements of Section 409A of the Code to the extent applicable. As required by Code Section 409A, certain nonqualified deferred compensation payments to specified employees may be delayed to the seventh month after such employee's separation from service.

*New Plan Benefits.* All 2010 Stock Plan awards are granted at the 2010 Stock Plan Committee's discretion, subject to the limitations contained in the 2010 Stock Plan. Therefore, future benefits and amounts that will be received or allocated under the 2010 Stock Plan are not presently determinable. For information with respect to equity grants made to our "Named Executive Officers" (i.e, our Chief Executive Officer, President, Chief Financial Officer, General Counsel and President-The Cheesecake Factory Bakery Incorporated) in fiscal 2014 under the 2010 Stock Plan, please see the sections entitled "*Equity Grants in 2014, Equity Grants in 2015 and Outstanding Equity Awards*" in this Proxy Statement. As of March 31, 2015 the fair market value of a share of our common stock (as determined by the closing price quoted by the NASDAQ Global Select Market on that date) was \$49.33.

*Existing Plan Benefits* The following table sets forth the number of shares subject to all stock options granted through March 31, 2015 under the 2010 Stock Plan. These share numbers do not take into account the effect of options that have been exercised or were cancelled or that expired unexercised and do not

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reflect shares subject to other types of awards that have been granted to participants under the 2010 Stock Plan.

Name and Position	Number of Option Shares
David Overton, Chairman of the Board and Chief Executive Officer	725,000
David M. Gordon, President	109,000
W. Douglas Benn, Executive Vice President and Chief Financial Officer	81,000
Debby R. Zurzolo, Executive Vice President, General Counsel and Secretary	73,000
Max S. Byfuglin, President, The Cheesecake Factory Incorporated Bakery	69,500
All current executive officers as a group	1,057,500
All non-employee directors as a group*	0
All employees as a group (excluding executive officers)	1,382,450

\*

Non-employee directors are not eligible to participate in the 2010 Stock Plan.

***Required Vote***

Under this Proposal 2, we are asking you to approve the Amendment to the 2010 Stock Plan to increase its maximum authorized shares by 2,400,000 shares, from 6,780,000 shares to 9,180,000 shares and to re-approve the Material Terms of the Performance Goals under the 2010 Stock Plan. Approval of this Proposal 2 constitutes both approval of the Amendment and re-approval of the Material Terms of the Performance Goals under the 2010 Stock Plan and requires the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the Annual Meeting and entitled to be voted on Proposal 2. Abstentions will be included in the number of shares present and entitled to vote on this Proposal 2 and will have the effect of a vote "AGAINST" this Proposal 2. Broker non-votes will not be considered as present and entitled to vote on this Proposal 2. Therefore, a broker non-vote will not be counted and will have no effect on this Proposal 2 other than to reduce the number of affirmative votes required to approve this proposal.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT TO THE 2010 STOCK INCENTIVE PLAN TO INCREASE ITS MAXIMUM AUTHORIZED SHARES AND TO RE-APPROVE THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE 2010 STOCK INCENTIVE PLAN**

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**PROPOSAL THREE**

**Approval of the Material Terms of the Performance Goals Under the 2015 Amended and Restated Annual Performance Incentive Plan**

**Summary**

In 1993, we adopted the Annual Performance Incentive Plan to provide cash incentive compensation to key employees based on achievement of specified goals and objectives. This plan was subsequently amended and restated as the Amended and Restated Annual Performance Incentive Plan ("2005 Incentive Plan"). In February 2010, our Board amended and restated the 2005 Incentive Plan to be the 2010 Amended and Restated Annual Performance Incentive Plan ("2010 Incentive Plan") and the material terms of the performance goals under the 2010 Incentive Plan were approved by our stockholders in June 2010.

On April 2, 2015, our Board amended and restated the 2010 Incentive Plan as the 2015 Amended and Restated Annual Performance Incentive Plan ("2015 Incentive Plan") to be effective upon and subject to our stockholders approving the "Material Terms" of the performance goals (defined below) of the 2015 Incentive Plan. There are no material differences between the 2015 Incentive Plan and 2010 Incentive Plan, and the only revisions from the 2010 Incentive Plan are immaterial modifications related to the passage of time. Any reference to the "Performance Incentive Plan" shall collectively mean and refer to the 2010 Incentive Plan and 2015 Incentive Plan. At the Annual Meeting, we are asking our stockholders to approve the Material Terms of the performance goals under which incentive compensation may be paid under the 2015 Incentive Plan. Such stockholder approval is required in order for 2015 Incentive Plan incentive compensation to constitute qualifying performance-based compensation within the meaning of Internal Revenue Code ("Code") Section 162(m).

Code Section 162(m) generally does not allow a publicly-held corporation to claim a federal income tax deduction for compensation that exceeds \$1 million paid in any tax year to a "Covered Employee" (defined under Section 162(m) of the Internal Revenue Code as our principal executive officer and each of the other three most highly compensated officers (other than the principal financial officer)). However, "performance-based compensation" is specifically exempt from the Code Section 162(m) \$1 million annual tax deduction limit, provided that certain requirements are satisfied. One such requirement is that, every five years, the corporation's stockholders approve the "material terms of the performance goal" of a plan ("Material Terms") under which the performance-based compensation is to be paid if (as is the case under the Performance Incentive Plan) the plan's committee has authority to change the specific targets under the stockholder approved performance goal(s). Accordingly, we are also asking you to approve the Material Terms of the 2015 Incentive Plan at the Annual Meeting.

The complete text of the 2015 Incentive Plan is attached as *Appendix B* to this Proxy Statement. Stockholders are urged to review the 2015 Incentive Plan together with the following information, which is qualified in its entirety by reference to *Appendix B*. If there is any inconsistency between this Proposal 3 and the 2015 Incentive Plan terms or if there is any inaccuracy in this Proposal 3, the terms of the 2015 Incentive Plan shall govern. If our stockholders do not approve the Material Terms of the 2015 Incentive Plan at the Annual Meeting then the 2015 Incentive Plan shall terminate without force or effect and the 2010 Incentive Plan will remain in full effect according to its terms. Such an occurrence will not affect how Performance Achievement Bonus Awards (as defined in the 2010 Incentive Plan) earned as a result of achievement of Performance Incentive Targets (as defined in the 2010 Incentive Plan) established under the 2010 Incentive Plan prior to the Annual Meeting are treated for purposes of Code Section 162(m) limitations. However, if our stockholders do not approve the Material Terms of the 2015 Incentive Plan at the Annual Meeting then all Performance Achievement Bonus Awards made under the 2010 Incentive Plan to Covered Employees for measuring periods commencing after fiscal year 2015 would not be deemed performance-based compensation exempt from Code Section 162(m) limitations even if such Awards include performance requirements.

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***Purpose of the 2015 Incentive Plan***

The 2015 Incentive Plan is an annual cash incentive compensation plan providing for cash incentive awards that are referred to as Performance Achievement Bonuses (each a "Bonus") to Covered Employees (defined below). The purposes of the 2015 Incentive Plan are to:

Challenge management to make decisions and to take actions to advance the Company to meet its goals;

Attract, retain and motivate highly talented management;

Focus management's attention on setting and achieving clearly defined and attainable corporate and business unit performance objectives; and

Provide for performance-based incentive compensation.

***Internal Revenue Code Section 162(m) and Performance-Based Compensation***

Code Section 162(m) generally does not allow a publicly-held corporation to claim a federal income tax deduction for compensation that exceeds \$1 million paid in any tax year to a Covered Employee. However, "performance-based compensation" is specifically exempt from the Code Section 162(m) \$1 million annual tax deduction limit, provided that certain requirements are satisfied. One such requirement is that, every five years, the corporation's stockholders approve the Material Terms of a plan under which the performance-based compensation is to be paid if (as is the case under the Performance Incentive Plan) the plan's committee has authority to change the specific targets under the stockholder approved performance goal(s).

We have provided Code Section 162(m) qualifying performance-based compensation to our Covered Employees under the 2010 Incentive Plan and wish to continue to do so in the future under the 2015 Incentive Plan. Qualifying performance-based compensation may not only be tax deductible to us, but also can further motivate Covered Employees to successfully advance our business interests. Accordingly, as we did in 2010 with respect to the 2010 Incentive Plan, we are requesting that stockholders approve the Material Terms of the 2015 Incentive Plan so that tax-deductible, qualifying performance-based compensation may continue to be paid to Covered Employees under the 2015 Incentive Plan.

Under Code Section 162(m), the Material Terms requiring stockholder approval are:

The employees eligible to receive the performance-based compensation;

A description of the business criteria on which each performance goal is based; and

Either the formula used to calculate the performance-based compensation, or, alternatively, the maximum amount of such compensation that could be awarded or paid to any eligible employee if the applicable performance goals are met.

The amount of a Bonus that can be paid to a participant is stated as a percentage of the participant's annual base salary. The actual Bonus payment, if any, is based on the degree of achievement of the performance goals ("Performance Incentive Targets") that are established for the participant's Bonus. While the Compensation Committee of the Board intends that Bonuses awarded to Covered Employees under the 2015 Incentive Plan qualify as "performance-based compensation" so that we will be able to claim a tax deduction without limitation under Code Section 162(m), due to the complexities of Code Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance regarding deductibility of such compensation under Code Section 162(m). There is also no assurance that all or any portion of the Performance Incentive Targets will be satisfied in any fiscal year.

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Approval of this Proposal 3 would not limit our ability to award or pay other forms of compensation to Covered Employees outside of the 2015 Incentive Plan, whether or not the performance goals for a Bonus are achieved in any fiscal year, and whether or not payment of such other forms of compensation would be tax deductible, if the Compensation Committee determines the award or payment of such other forms of compensation is in our best interests and in the best interests of our stockholders.

***Material Terms for the 2015 Incentive Plan***

The Material Terms for the 2015 Incentive Plan are as follows:

*Eligibility.* Eligible 2015 Incentive Plan participants who can receive a Bonus include executive officers or other employees of ours or any of our subsidiaries or affiliates who are Covered Employees or who could become Covered Employees. Approximately four Covered Employees would be currently eligible to be designated as participants to receive a Bonus under the 2015 Incentive Plan.

*Performance Incentive Target Objectives.* The Performance Incentive Targets applicable to a Bonus awarded under the 2015 Incentive Plan shall be limited to one or more of the following target objectives involving us or a subsidiary or affiliate of ours:

return on equity

earnings per share

net income

earnings per share growth

return on invested capital

return on assets

economic value added

earnings before interest and taxes (EBIT)

revenue growth

gross margin return on inventory investment

fair market value or price of the Company's shares (including, but not limited to, growth measures and total stockholder return)

operating profit

consolidated income from operations

cash flow (including, but not limited to, cash flow from operations and free cash flow)

cash flow return on investments (which equals net cash flow divided by total capital)

internal rate of return

net present value

costs or expenses

market share

customer satisfaction

corporate transactions including without limitation mergers, acquisitions, dispositions and/or joint ventures

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product development

capital expenditures

earnings before interest, taxes, depreciation and amortization (EBITDA), and/or

revenues

If this Proposal 3 is approved by stockholders, then each of the above Performance Incentive Targets would be approved for use (until our annual meeting of stockholders in 2020) in Bonuses that are intended to qualify as performance-based compensation under Code Section 162(m).

*Maximum Bonus.* The maximum amount of a Bonus payable to any participant with respect to a fiscal year shall not exceed \$2.5 million.

***Other Elements of the 2015 Incentive Plan***

Other provisions of the 2015 Incentive Plan are summarized below. There are no material differences between the 2015 Incentive Plan and 2010 Incentive Plan, and the only revisions from the 2010 Incentive Plan are immaterial modifications related to the passage of time.

*Administration of 2015 Incentive Plan.* The 2015 Incentive Plan is administered by the "Committee." The Compensation Committee of our Board, provided it continues to be composed solely of two or more independent "outside directors" as defined under Code Section 162(m), will constitute the 2015 Incentive Plan's Committee ("Committee"). The Committee is, among other things, responsible for selecting participants, determining Performance Incentive Targets and Bonuses, and adopting rules and regulations for the 2015 Incentive Plan. The Committee has the authority to interpret the 2015 Incentive Plan and the terms of any document relating to any Bonus, may adopt rules and regulations for carrying out the terms and purposes of the 2015 Incentive Plan, and may take such other actions in the administration of the 2015 Incentive Plan as it deems advisable. The interpretation and construction by the Committee of any provision of the 2015 Incentive Plan, any document evidencing a Bonus, and any rule or regulation adopted by the Committee, shall be final and binding. The Committee members (and Board members and delegates) will generally be indemnified by us for their actions taken in connection with the 2015 Incentive Plan. Each fiscal year, the Committee in its discretion may select those employees eligible to earn a Performance Achievement Bonus under the 2015 Incentive Plan.

*Performance Achievement Bonuses.* The 2015 Incentive Plan provides that the Committee may award eligible participants with a Bonus. A Bonus will specify a cash award opportunity that is denominated as a stated percentage of the participant's annual base salary. The actual amount of a Bonus paid to a participant will depend on the degree of achievement of the Performance Incentive Target objectives that are established for the Bonus, subject to the Committee's discretion to reduce (but not increase) the amount of any such Bonus award irrespective of the degree of attainment of the performance goals.

*Establishment of Performance Incentive Target Objectives for Performance Achievement Bonuses.* Performance Incentive Targets will be established by the Committee for each 2015 Incentive Plan participant with respect to a fiscal year. These objectives may be described in terms of Company-wide objectives and/or objectives that are related to the performance of the individual participant or the entity or division, department or function within which the participant is employed.

The Committee must establish in writing the applicable Performance Incentive Targets for a Performance Achievement Bonus. These targets must be established no later than the latest time permitted by Code Section 162(m), which generally means not later than after 25% of the performance period has elapsed and in no event later than 90 days after the commencement of the performance period. Additionally, the attainment of such performance targets must then be "substantially uncertain" to occur within the meaning of Code Section 162(m). The Committee must also establish in writing the formula or

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methodology for determining the amount of the Performance Achievement Bonus that could be earned by a Covered Employee based on the degree of achievement of the Performance Incentive Targets.

Once the Performance Incentive Targets and the formula for determining the amount of Performance Achievement Bonus that can be earned by the Covered Employee have been established, the Committee generally does not have the authority to make any modifications to the targets or Bonus formula. However, to the extent consistent with the requirements of Code Section 162(m), the Committee may adjust the evaluation of performance to remove the effects of certain events including, for example, extraordinary nonrecurring events, or material changes in tax laws or accounting principles or practices, or upon corporate transactions such as reorganizations or divestitures or acquisitions, among other things.

*Payment.* Bonus awards under the 2015 Incentive Plan are payable to the participant in cash on the date designated by the Committee, provided that such date shall occur during the two and one-half month period after the end of the fiscal year. Before payment of any portion of a Performance Achievement Bonus, the Committee must certify in writing the degree of achievement of the applicable Performance Incentive Targets.

*Clawback.* In accordance with the terms of any Clawback Policy adopted by the Board (including without limitation the Company's Policy on Reimbursement of Incentive Payments), Bonus awards may be forfeited or subject to repayment to us by the Covered Employees.

*Separation from Service.* In the event of a participant's separation from service with us due to death, disability, normal retirement, early retirement with our consent or leave of absence approved by us, or in the event of hardship or other special circumstances of a participant, or in the event of a change in control of the Company, the Committee may in its sole discretion take any action that it deems to be equitable under the circumstances or in our best interests, and not inconsistent with the requirements of Code Section 162(m).

*Amendment.* The 2015 Incentive Plan may be amended or terminated in whole or in part by the Board or the Committee in their sole discretion, but no such action shall adversely affect or alter any right or obligation existing prior to such amendment or termination. Stockholder approval of a 2015 Incentive Plan amendment will be solicited only to the extent required by applicable laws.

*Governing Law.* The 2015 Incentive Plan shall be governed by the laws of the United States and the laws of the State of Delaware (which is the state of our incorporation) to the extent Delaware's laws are not preempted by federal law.

***Performance Achievement Bonuses for Fiscal 2015 and Future Years***

No Bonus may be granted under the 2015 Incentive Plan unless our stockholders approve the Material Terms of the performance goals of the 2015 Incentive Plan at the Annual Meeting. If our stockholders do not approve the Material Terms of the 2015 Incentive Plan at the Annual Meeting, then the 2015 Incentive Plan shall terminate without force or effect, and the 2010 Incentive Plan will remain in full effect according to its terms. Such an occurrence will not affect how Performance Achievement Bonus Awards (as defined in the 2010 Incentive Plan) earned as a result of achievement of Performance Incentive Targets (as defined in the 2010 Incentive Plan) established under the 2010 Incentive Plan prior to the Annual Meeting are treated for purposes of Code Section 162(m) limitations. However, if our stockholders do not approve the Material Terms of the 2015 Incentive Plan at the Annual Meeting then all Performance Achievement Bonus Awards made under the 2010 Incentive Plan to Covered Employees for measuring periods commencing after fiscal year 2015 would not be deemed performance-based compensation exempt from Code Section 162(m) limitations even if such Awards include performance requirements.

The amounts of Bonuses to be paid in the future pursuant to the 2015 Incentive Plan depend on achievement of Performance Incentive Targets that have yet to be established and therefore are presently



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not determinable. It is possible that no Bonuses will be paid in any fiscal year under the 2015 Incentive Plan.

***New Plan Benefits***

The following table shows the threshold, target and maximum amounts of Bonus that would have been payable to each of the executive officers named in our Summary Compensation Table and the various groups indicated below under the 2015 Incentive Plan depending on the degree of achievement of the Performance Incentive Targets for fiscal 2014, if the 2015 Incentive Plan had been in effect in fiscal 2014. The Annual Incentive Compensation section in the Compensation Discussion and Analysis and the Grant of Plan-Based Awards table in this Proxy Statement each provide further details on the 2010 Incentive Plan awards to the Named Executive Officers during fiscal 2014 based upon achievement of Performance Incentive Targets for fiscal 2014 and on stock-based awards to the Named Executive Officers during fiscal 2014. The identification of Covered Employees for the 2015 Incentive Plan is determined under Code Section 162(m) and may include (or exclude) certain Named Executive Officers.

Name	Performance Achievement Bonus if Associated Targets Were Achieved in Fiscal 2014 Under 2015 Incentive Plan		
	Threshold(1)	Target	Maximum
David Overton, <i>Chairman and Chief Executive Officer</i>	\$ 205,090	\$ 1,093,549	\$ 1,913,710
David M. Gordon, <i>President, The Cheesecake Factory Incorporated</i>	\$ 73,207	\$ 390,505	\$ 683,383
W. Douglas Benn, <i>EVP and Chief Financial Officer</i>	\$ 58,721	\$ 313,113	\$ 547,947
Max S. Byfuglin, <i>President, The Cheesecake Factory Bakery Incorporated</i>	\$ 48,507	\$ 258,650	\$ 452,637
Debby R. Zurzolo, <i>EVP, Secretary and General Counsel</i>	\$ 54,791	\$ 292,156	\$ 511,273
All current executive officers as a group (5 persons)	\$ 440,316	\$ 2,347,973	\$ 4,108,950
All current non-employee directors as a group (6 persons)(2)	\$ 0	\$ 0	\$ 0
All employees, including current officers who are not executive officers, as a group (105 persons)	\$ 1,037,674	\$ 5,532,194	\$ 9,681,428

(1) Based on minimum achievement of operating income objective only.

(2) Non-employee directors are not eligible to participate in the 2015 Incentive Plan

***Federal Income Tax Consequences***

By seeking approval of this Proposal 3, the Board intends to prevent Code Section 162(m) from limiting the deductibility of Bonuses which may be awarded to Covered Employees. However, due to the complexities of Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance regarding deductibility of such compensation under Section 162(m) and it is impossible to be certain that all Bonus awards or any other compensation paid by us to Covered Employees will be tax deductible. Further, the

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2015 Incentive Plan does not preclude the Compensation Committee from making other compensation payments outside of the 2015 Incentive Plan to Covered Employees even if such payments do not qualify for tax deductibility under Code Section 162(m).

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Generally, participants will realize taxable ordinary income under the 2015 Incentive Plan at such time as they receive cash or become entitled to payment of cash in connection with an award. We will become entitled to an equal tax deduction at the same time and such deduction will not be limited by Code Section 162(m) if all performance-based compensation and other requirements of Code Section 162(m) have been met.

To the extent needed to comply with Code Section 409A, any 2015 Incentive Plan payments constituting nonqualified deferred compensation that are paid due to the separation from service of a participant who is then a "specified employee," as defined under Code Section 409A, can be subject to delay in payment until the seventh month following such separation from service (or the participant's death, if earlier).

***Required Vote***

We are asking you to approve the Material Terms of the performance goals of the 2015 Incentive Plan. This approval will require the affirmative vote of a majority of the voting power of all outstanding shares of our common stock present or represented by proxy at the Annual Meeting and entitled to be voted on Proposal 3. Abstentions will be included in the number of shares present and entitled to vote on this Proposal 3 and, accordingly, will have the effect of a vote "AGAINST" Proposal 3. Broker non-votes will not be considered as present and entitled to vote on this Proposal 3. Therefore, a broker non-vote will not be counted and will have no effect on this proposal to re-approve the performance conditions set forth in this Proposal 3 other than to reduce the number of affirmative votes required to approve this proposal. In the event that stockholder approval is not obtained, then the 2015 Incentive Plan shall terminate without force or effect.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS OF THE 2015 AMENDED AND RESTATED ANNUAL PERFORMANCE INCENTIVE PLAN**

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**PROPOSAL FOUR**  
**Ratification of Selection of Independent Registered Public Accounting Firm**

The Audit Committee of our Board has selected PricewaterhouseCoopers LLP ("PwC") as our independent registered public accounting firm to conduct the audit of our books and records for fiscal 2015. PwC has served as our independent registered public accounting firm since our initial public offering in 1992. Representatives of PwC are expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement should they so desire.

Although our governing documents do not require us to submit this matter to stockholders, the Board believes that asking stockholders to ratify the appointment is consistent with best practices in corporate governance. If stockholders do not ratify the selection of PwC, the Audit Committee will regard such vote as a direction to consider the selection of a different independent registered public accounting firm. Even if the selection of PwC is ratified by the stockholders, the Audit Committee has the discretion to select a different independent registered public accounting firm at any time if it determines that a change would be in our and our stockholders' best interests.

***Independent Registered Public Accounting Firm Fees and Services***

The following table sets forth the aggregate fees billed by PwC to us during the last two fiscal years:

	Fiscal 2014	Fiscal 2013
Audit Fees	\$ 605,940	\$ 579,388
Audit-Related Fees		
Tax Fees	43,657	32,294
All Other Fees	1,800	1,800
<b>Total Fees</b>	<b>\$ 651,397</b>	<b>\$ 613,482</b>

*Audit Fees* represent the aggregate fees billed by PwC for the audit of our annual financial statements included in the Annual Report on Form 10-K, review of financial statements included in the Quarterly Reports on Form 10-Q, the audit of our internal control over financial reporting with the objective of obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects, and services normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

*Tax Fees* represent the aggregate fees billed by PwC for tax compliance services, tax advice and tax planning services.

*All Other Fees* represent the aggregate fees billed by PwC for access to their accounting literature research tool.

***Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Our Independent Registered Public Accounting Firm***

The Audit Committee is responsible for appointing, setting compensation for and overseeing the work of our independent registered public accounting firm. The Audit Committee established a policy requiring that it pre-approve all audit and permissible non-audit services provided by the independent auditor. The Audit Committee considers whether such services are consistent with SEC rules on auditor independence as well as whether the independent auditor can provide the most effective and efficient service, for reasons such as familiarity with our business, staff members, culture, accounting systems, risk profile and other factors, and input from our management. The Audit Committee's charter authorizes the Audit Committee to delegate to one or more of its members the authority to pre-approve audit and permissible non-audit services, provided that those members report any pre-approvals to the full Audit Committee. The Audit

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Committee delegated the authority to address any requests for pre-approval of services between Audit Committee meetings to its Chair, provided that the amount of fees for any particular services requested does not exceed \$25,000 (such authority having been increased by the Audit Committee from \$10,000 on February 24, 2015) and the Chair reports any pre-approval decisions to the Audit Committee at its next scheduled meeting. The policy prohibits the Audit Committee from delegating to management the Audit Committee's responsibility to pre-approve permitted services of the independent registered public accounting firm. In addition, the policy prohibits our auditors from providing internal control-related services to us unless such engagement has been specifically pre-approved by the Audit Committee. The waiver of pre-approval provisions set forth in applicable rules of the SEC were not used to approve any of the services related to *Audit-Related Fees* or *Tax Fees* described above.

***Required Vote***

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2015 requires the affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote on the proposal at the Annual Meeting. Abstentions will be included in the number of shares present and entitled to vote on this Proposal 4 and will have the effect of a vote "AGAINST" Proposal 4. Broker non-votes will not be considered as present and entitled to vote on this Proposal 4. Therefore, a broker non-vote will not be counted and will have no effect on this Proposal 4 other than to reduce the number of affirmative votes required to approve this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLC AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2015.**

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**PROPOSAL FIVE**  
**Non-Binding Advisory Vote on Executive Compensation**

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and as a matter of good corporate governance practices, we are asking our stockholders to approve, on a non-binding, advisory basis, the compensation of our Named Executive Officers as disclosed pursuant to the compensation disclosure rules of the SEC (commonly referred to as a "say-on-pay vote"). We intend to present this non-binding, advisory vote on executive compensation to our stockholders on an annual basis. Accordingly, you may vote on the following resolution at the 2015 Annual Meeting:

*"RESOLVED, that the compensation paid to the Company's Named Executive Officers as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure contained in this Proxy Statement, is hereby APPROVED."*

As described in detail in the *Compensation Discussion and Analysis* section of this Proxy Statement, our compensation programs are designed to motivate our executives to drive the success of our Company. We believe that our compensation programs play a material role in our ability to achieve strong financial results, even during difficult economic times, and attract, retain and motivate a highly experienced and successful team to manage our Company. Our compensation programs, with a balance of short-term incentives (including performance-based cash bonus awards), long-term incentives (including stock options and restricted stock awards that generally vest over five years) and executive stock ownership guidelines, reward sustained performance that is aligned with long-term stockholder interests. Stockholders are encouraged to read the *Compensation Discussion and Analysis*, the accompanying compensation tables, and the related narrative disclosure contained in this Proxy Statement for a full description of our executive compensation programs.

This vote is advisory only and non-binding. The Board and the Compensation Committee, which is comprised solely of independent directors, will consider the outcome of this vote when making future executive compensation decisions to the extent appropriate.

***Required Vote***

The approval of the resolution set forth above requires the affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote on the proposal at the Annual Meeting. Abstentions will be included in the number of shares present and entitled to vote on this Proposal 5 and will count as a vote "AGAINST" Proposal 5. Broker non-votes will not be considered as present and entitled to vote on this Proposal 5. Therefore, a broker non-vote will not be counted and will have no effect on this Proposal 5 other than to reduce the number of affirmative votes required to approve this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL,  
ON A NON-BINDING, ADVISORY BASIS, OF THE RESOLUTION SET FORTH ABOVE.**

Table of Contents**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE****Our Board of Directors and Director Nominees**

The Board nominated all seven of the Company's current directors for re-election at the Annual Meeting to serve a one-year term expiring at the next annual meeting of shareholders and until their respective successors are elected and duly qualified. At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the seven nominees named in this Proxy Statement.

Name	Age	Position	Director Since	Current Term Expiration
David Overton	69	Chairman of the Board, Chief Executive Officer	1992	2015
Alexander L. Cappello	59	Director	2008	2015
Jerome I. Kransdorf	76	Lead Director	1997	2015
Laurence B. Mindel	77	Director	2012	2015
David B. Pittaway	63	Director	2009	2015
Douglas L. Schmick	67	Director	2012	2015
Herbert Simon	80	Director	2011	2015

**David Overton** has served as our Chairman of the Board and Chief Executive Officer since our incorporation in 1992. He co-founded the Company with his parents, Evelyn and Oscar Overton. Mr. Overton created the Company's namesake concept and opened the first The Cheesecake Factory restaurant in 1978 in Beverly Hills, California. He grew The Cheesecake Factory® into an international chain and created two other concepts, Grand Lux Cafe® and RockSugar Pan Asian Kitchen®. Under Mr. Overton's leadership, the Company's revenues reached nearly \$2.0 billion in 2014, with The Cheesecake Factory leading the casual dining industry in average annual sales per restaurant of \$10.5 million in fiscal 2014. Mr. Overton's professional honors include the International Foodservice Manufacturers Association "Silver Plate Award," recognizing the most outstanding and innovative talent in foodservice operations; the "Executive of the Year Award" from Restaurants & Institutions Magazine; the "MenuMasters Hall of Fame Award" from Nation's Restaurant News, for his outstanding contributions to menu design and foodservice research and development; the "Entrepreneur of the Year" in the Food Services category for the Los Angeles region by Ernst & Young, for his demonstrated excellence and extraordinary success in innovation, performance and personal commitment to The Cheesecake Factory and the communities our restaurants serve; and the "Leadership Roundtable-Industry Leadership Award." Mr. Overton is also one of the founding members and directors of The Cheesecake Factory Oscar and Evelyn Overton Charitable Foundation ("Foundation"), a 501(c)(3) qualified, non-profit charitable organization which raises funds for a variety of worthy causes and provides a means for the Company's staff members to perform charitable work in their communities.

**Alexander L. Cappello** has led several public and private companies over the past 42 years, including Cappello Group, Inc. a global merchant bank affiliated with Cappello Global, LLC an investment bank, whose principals have conducted over \$155 billion in transactions in over 50 countries. He is a Director of RAND Corporation's Center for Middle East Public Policy, the Center for Global Risk and Security, and the Russia Forum. He is also a director of California Ethanol & Power, Caldera Medical and Patriot Defense Group and is a former Chairman of Intelligent Energy, PLC (London), a global technology leader in hydrogen fuel cells, Inter-Tel (NASDAQ) and Geothermal Resources Intl. (AMEX), as well as is a former director of Cytrx (NASDAQ), Genius Products (NASDAQ) and Koo Koo Roo, Inc. (NASDAQ).

**Jerome I. Kransdorf** has more than 45 years of investment management experience. Mr. Kransdorf retired in September 2014 as President of JaK Direct, a division of Muriel Siebert & Co., Inc., where he worked from 2001 to 2014. From 1997 to 2001, Mr. Kransdorf served as Senior Vice President of J. & W.

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Seligman & Co. Incorporated, an investment advisory firm. From 1959 to 1997, he was employed in investment and senior management positions at Wertheim & Co. and its successor companies.

**Laurence B. Mindel** has 45 years of experience as a restaurant creator, developer and operator and is currently a Managing Partner of Poggio Trattoria, an award-winning Italian restaurant and Copita Tequileria Y Comida, a "modern" Mexican restaurant, both located in Sausalito, California. In 1970, he co-founded Spectrum Foods whose restaurant portfolio included, among others, California-based restaurants Ciao, Prego, MacArthur Park, Guaymas and Harry's Bar. Following the acquisition of Spectrum Foods by Saga Corp. (NYSE) in 1984, Mr. Mindel served as President of Saga's restaurant group where he directed the operations of more than 200 restaurants with combined revenue of over \$375 million. When Saga was acquired in 1986, Mr. Mindel founded Il Fornaio, a restaurant and bakery company which became public in 1997 (NASDAQ) and was subsequently taken private in 2001. His professional honors include Nation's Restaurant News "Golden Chain" award, International Foodservice Manufacturers Association "Gold Plate" award, Food Arts Magazine "Silver Spoon" award, James Beard Foundation "Outstanding Restaurateur" Semi-Finalist, and in 1998, he was inducted into the California Restaurant Association's Hall of Fame. In 1985, Mr. Mindel became the first American and the first person of non-Italian descent to be awarded the Caterina de Medici Medal from the Italian government, recognizing excellence in the preservation of Italian heritage outside of Italy.

**David B. Pittaway** is Senior Managing Director, Senior Vice President and Secretary of Castle Harlan, Inc., a private equity firm. He has been with Castle Harlan since 1987. Mr. Pittaway also has served as Vice President and Secretary of Branford Castle, Inc., an investment company, since October 1986. From 1987 to 1998, Mr. Pittaway was Vice President, Chief Financial Officer and a director of Branford Chain, Inc., a marine wholesale company, where he is now a director and Vice Chairman. Previously, Mr. Pittaway was Vice President of Strategic Planning and Assistant to the President of Donaldson, Lufkin & Jenrette, Inc., an investment banking firm. Mr. Pittaway is a member of the boards of directors of Bravo Brio Restaurant Group (BRIO) and the Dystrophic Epidermolysis Bullosa Research Association of America. He was formerly a director of Morton's Restaurant Group and McCormick & Schmick's Seafood Restaurants. In addition, he is a director and co-founder of the Armed Forces Reserve Family Assistance Fund.

**Douglas L. Schmick** began his restaurant career over 41 years ago and developed several brands, most notably McCormick & Schmick's Fresh Seafood Restaurants. Beginning with Jake's Famous Crawfish restaurant in Portland, Oregon, Mr. Schmick and his partner became leaders and innovators in the affordable, upscale seafood segment and grew the McCormick & Schmick's organization to 96 restaurants nationwide. Mr. Schmick served as Chief Executive Officer and Chairman of the Board for that company from 1974 through 1999 and again from 2007 through 2008. During those years, he guided McCormick & Schmick's through several iterations of ownership, including becoming a publicly-traded company in 2004. He then served as Chairman of the Board until the company's sale in 2012. In 2013, Mr. Schmick joined the Board of Directors of Chuy's Inc., a public company, and Anthony's Coal Fired Pizza, a private group. Mr. Schmick has received many accolades for his work in the restaurant industry, including being named the Ernst & Young Regional "Entrepreneur of the Year" in 2008.

**Herbert Simon** is the Chairman Emeritus of the board of Indianapolis-based Simon Property Group, Inc., a member of the S&P 500 and the largest U.S. publicly-traded real estate company, and has served on its board since 1993. Throughout his career, Mr. Simon has maintained a leadership position within the retail property industry by developing high profile retail facilities, including, but not limited to, The Forum Shops at Caesars, Roosevelt Field, and The Fashion Centre at Pentagon City. Additional diversified business interests beyond real estate include ownership of a National Basketball Association's franchise, the Indiana Pacers. Mr. Simon also served as the former Chairman of the National Basketball Association's Board of Governors and continues to serve as a member of such board. He is also active in numerous community and civic organizations.



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Except as set forth above, each nominee has been engaged in his principal occupation described above during the past five years. There are no family relationships between any of our directors or executive officers as defined under SEC and NASDAQ rules.

### **Director Independence**

The Board has determined each of the following directors to be an "independent director" as defined under SEC and NASDAQ rules and under the Company's "*Policies and Procedures Regarding Board of Director Candidates*" discussed below in the *Director Nominations Process* section of this Proxy Statement: Alexander L. Cappello; Jerome I. Kransdorf; Laurence B. Mindel; David B. Pittaway; Douglas L. Schmick; and Herbert Simon. In this Proxy Statement, these six directors are referred to individually as an "Independent Director" and collectively as the "Independent Directors."

### **Board Leadership Structure and Lead Director**

Our Chief Executive Officer, David Overton, also serves as Chairman of our Board. Mr. Overton, who founded the Company along with his parents, Oscar and Evelyn Overton, was the driving force behind the creation and opening of The Cheesecake Factory restaurant concept and has served in a combined role as Chief Executive Officer and Chairman since 1992. We believe this leadership structure enables Mr. Overton to function as the critical link between the Board and the operating organization. It also streamlines communications with and among the Board on key topics such as our strategic objectives and long-term planning.

In addition to Mr. Overton's leadership on the Board, we determined that the appointment of an independent, lead director ("Lead Director") would be appropriate in order to establish another layer of Board oversight, share certain responsibilities with, and facilitate communication between, our Chairman and our Independent Directors, and continue to follow best practices in corporate governance. To this end, in June 2008, the Board adopted a policy regarding the appointment of a Lead Director one Independent Director who is selected annually by the Independent Directors. Mr. Kransdorf currently serves as Lead Director.

The Lead Director presides at executive sessions of the Independent Directors, serves as principal liaison between the Independent Directors and the Chairman of the Board, coordinates the agenda and materials for meetings of the Board, advises the Chairman of the Board concerning scheduling of meetings, makes recommendations to the Chairman of the Board regarding the retention of advisors and consultants who report directly to the Board, makes recommendations to the Board regarding significant corporate governance issues, oversees the Governance Committee's review of our compliance with corporate governance policies adopted by the Board, chairs quarterly meetings of the Independent Directors, and oversees the annual evaluation of the Board and its committees. Our policy regarding the responsibilities of our Lead Director is available on our website. For information on where to access this document, please see the section below entitled "*Corporate Governance Principles and Guidelines; Corporate Governance Materials Available on Our Website.*"

### **Role of Board of Directors in Risk Oversight**

While the Audit Committee of the Board monitors risks related to our financial statements, the Board has determined that oversight of Company-wide risk should remain with the full Board due to the strategic nature of enterprise risk management and the Board's desire to receive feedback from a broad spectrum of disciplines regarding management's plans with respect thereto. The Board meets regularly with our management to review the effectiveness of processes for identifying and managing significant risks. The Board also reviews with management the strategic objectives that may be affected by identified risks, the level of appropriate risk tolerance, our plans for monitoring, mitigating and controlling risk, the effectiveness of such plans and our disclosure of risk.

Table of Contents**Meeting Attendance**

During fiscal 2014, the Board held thirteen meetings and the Independent Directors held three executive sessions without management present. Meetings include both in-person and telephonic meetings. For information regarding committee composition and number of committee meetings held during fiscal 2014, please see the section below entitled "*Committees of the Board of Directors*." Each of our directors attended at least 75% of the aggregate number of meetings of the Board and the committees on which he served, except Mr. Simon who attended 72% of such meetings.

Our policy regarding Board members' attendance at our annual meeting of stockholders and our procedure for annual committee membership and chair assignments are both available on our website in our Corporate Governance Guidelines. For information on where to access this document, please see the section below entitled "*Corporate Governance Principles and Guidelines; Corporate Governance Materials Available on Our Website*." The following directors were present at the 2014 annual meeting; David Overton, Alexander Cappello, Jerry Kransdorf, Larry Mindel, David Pittaway, Douglas Schmick.

**Committees of the Board of Directors**

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. Committee membership since our 2014 annual meeting of stockholders was as follows:

<b>Board Member</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance and Nominating Committee</b>
David Overton, <i>Chairman of the Board</i>	-	-	-
Alexander L. Cappello	Member*	Chair	-
Jerome I. Kransdorf, <i>Lead Director</i>	-	Member	Chair
Laurence B. Mindel	-	Member	Member
David B. Pittaway	Chair*	-	-
Douglas L. Schmick	Member*	-	-
Herbert Simon	-	Member	Member
<b><i>Number of Meetings in 2014</i></b>	12	10	2

\*

Designated by the Board as an "audit committee financial expert."

The Board determined that each member of the committees of the Board in service for all of fiscal 2014 met the independence requirements applicable to those committees under SEC and NASDAQ rules. The Governance Committee recommends committee membership and chair assignments to the Board, which the Board considers when making committee membership and committee chair assignments at its meeting immediately following each annual meeting of stockholders. Changes to committee assignments are also made from time to time during the course of the year, as deemed appropriate by the Board. The role of each committee is described below.

***Audit Committee.*** The Audit Committee operates pursuant to a written charter and is primarily responsible for monitoring the quality and integrity of our financial statements and related disclosure, and systems of internal controls regarding risk management, finance and accounting; our compliance with legal and regulatory requirements; our independent auditor's qualifications and independence; and the performance of our internal audit function and independent auditors. The Audit Committee provides an avenue of communication among the independent auditors,

management and the Board and issues the report of the Audit Committee required by the SEC to be included in our proxy statement.

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The Audit Committee conducts an annual performance evaluation of its charter, composition, complaint procedures, financial oversight responsibilities and other matters. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our public accounting firm engaged to issue an audit report or perform other audit, review or attest services. The Audit Committee pre-approves the audit work, as well as all non-audit work, to be performed by our external auditors after considering its permissibility under SEC rules and its impact on our auditor's independence. The Audit Committee also reviews material written communications the external auditors may provide to management and discusses any concerns with the auditors and management.

We adopted a written Code of Ethics for our directors, executive officers and senior financial officers, a copy of which is available on our website. Our Code of Ethics requires prompt reporting of potential conflicts to the Audit Committee.

Pursuant to its charter, the Audit Committee reviews our policies and procedures relating to conflicts of interest and approves any proposed "related person transaction." For this purpose, "related person transaction" means a transaction required to be disclosed pursuant to Item 404 of Regulation S-K adopted by the SEC. For a discussion of our policies with respect thereto, see "*Policies Regarding Review, Approval or Ratification of Transaction with Related Persons*" in this Proxy Statement.

Our Vice President of Internal Audit reports directly to the Audit Committee and is responsible for conducting comprehensive audits of our internal financial controls and the operational effectiveness of related activities and systems.

*Compensation Committee.* The Compensation Committee operates pursuant to a written charter. The Compensation Committee is responsible for determining the compensation of our Chief Executive Officer and all other executive officers. The Compensation Committee reviews and approves all employment, retention and severance agreements for executive officers and prepares, or causes to be prepared, the Compensation Committee Report in our proxy statement. The Compensation Committee is directly responsible for the appointment, compensation and oversight of the work of any compensation advisor retained by the Committee. The Compensation Committee also makes recommendations to the Board concerning non-employee director compensation.

The Compensation Committee approves and administers our incentive compensation programs, including our equity and bonus incentive plans. The Compensation Committee makes recommendations to the Board with respect to incentive and equity compensation plan structure and periodically reviews and makes recommendations concerning existing or new executive compensation, performance incentives, employee benefits, stock plans or management perquisites. The Compensation Committee authorizes and approves all grants of equity compensation to our employees under our equity compensation plans. The Compensation Committee conducts an annual evaluation of its charter.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee ("Governance Committee") operates pursuant to a written charter. The Governance Committee is responsible for evaluating issues and developments related to corporate governance and making recommendations to the Board with respect to corporate governance standards, corporate governance proposals from stockholders, the establishment and composition of committees of the Board and potential candidates for nomination as Board members. The Governance Committee is responsible for overseeing and recommending programs and activities for the continuing education of directors. The Governance Committee also identifies potential candidates for nomination or appointment as directors and makes recommendations to the Board concerning nominees to be presented for stockholder approval and to fill any vacancies. The Governance Committee conducts an annual evaluation of its charter.

*Other Committees.* The Board of Directors has the discretion to establish other committees and subcommittees from time to time. No additional committees or subcommittees have been established at this time.

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*Committee Charters.* All of our committee charters are available on our website. For information on where to access these documents, please see the section entitled "*Corporate Governance Principles and Guidelines; Corporate Governance Materials Available on Our Website.*"

**Designation of Audit Committee Financial Experts**

With the assistance of our outside legal counsel, the Board reviewed the applicable legal standards for independence and criteria for determination as to each individual who may be deemed an "audit committee financial expert," as well as responses to annual questionnaires completed by the directors, and has determined that each of David B. Pittaway, Chairman of the Audit Committee, and Audit Committee members Alexander L. Cappello and Douglas L. Schmick is an "audit committee financial expert" as such term is defined in Item 407(d)(5)(ii) of Regulation S-K adopted by the SEC.

**Corporate Governance Principles and Guidelines; Corporate Governance Materials Available on Our Website**

Our Board is committed to ethical business practices and believes that good corporate governance is important to ensure that the Company is managed for the long-term benefit of our stockholders. In the spirit of this commitment, the Board has adopted a Summary of Corporate Governance Principles and Guidelines ("Corporate Governance Guidelines") which includes, among other topics, the size and operations of our Board and its committees, independence of directors, selection and responsibilities of our Lead Director, Board membership criteria, service by our Board members on boards of other publicly traded companies, director and executive officer stock ownership guidelines and holding periods, our Board member retirement policy, and our policy on communicating concerns to our Board. In addition, the Corporate Governance Guidelines address certain requirements for continuing education of our directors.

Our Corporate Governance Guidelines, as well as other corporate governance information listed below, are available on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance":

Bylaws

Code of Ethics for Executive Officers, Senior Financial Officers and Directors

Code of Ethics and Code of Business Conduct

Policy on Lead Director

Committee Charters (Audit, Compensation and Corporate Governance and Nominating)

Equity Grant Procedures

Policy on Reimbursement of Incentive Payments

Policies and Procedures Regarding Board of Director Candidates

Succession Planning Policy Statement

Director and Executive Officer Stock Ownership Guidelines

Director Education Policy

The contents posted on our website are not incorporated by reference into this Proxy Statement or any of our filings with the Securities and Exchange Commission and may be revised by us (in whole or in part) at any time and from time to time.

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**Stockholder Communications with the Board of Directors**

Our Corporate Governance Guidelines described above include the policy our Board has adopted for stockholders and employees who wish to communicate any concern directly to the Board. Please refer to Section VI of our Corporate Governance Guidelines for a description of this process.

**Director Nominations Process**

The Board adopted a policy and procedure regarding Board candidates ("Nominations Policy"). The Nominations Policy is on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance." The purpose of the Nominations Policy is to describe the process by which candidates are selected for possible inclusion in the Board's recommended slate of director nominees. The Governance Committee of the Board administers the Nominations Policy and is responsible for identifying candidates for nomination or appointment to the Board. To fulfill this function, the Governance Committee at least annually reviews the size and composition of the Board and its committees, including the number of directors eligible for election at the annual meeting of stockholders, in accordance with our Certificate of Incorporation and Bylaws. The Governance Committee may solicit recommendations for nominees from other directors, members of management or others. In addition, the Governance Committee will consider recommendations of a stockholder of record who timely complies with these policies and procedures.

We implemented a majority vote policy which is set forth in our Bylaws such that in order to be considered for nomination by the Board, an individual must agree that, if elected, he or she will submit an irrevocable resignation effective upon (i) the director's failure to receive a majority vote in an uncontested election at which he or she is subject to reelection, and (ii) acceptance of the resignation by the Board.

*Minimum Qualifications.* The Nominations Policy contains the following minimum qualifications for candidates for nomination to the Board:

Each candidate must consent in writing to be named in our proxy statement as a nominee and to serve as a director of the Company if nominated, elected or appointed, and qualified.

Each candidate must agree that if elected he or she will submit an irrevocable resignation to our corporate Secretary promptly following his or her election or reelection that will be effective upon (i) such director's failure to receive a "majority vote" for reelection in any "uncontested election" (as those terms are defined in our Bylaws) at which he or she is subject to reelection; and (ii) acceptance of that resignation by the Board in accordance with the Bylaws and any policies and procedures adopted by the Board for such purposes.

Each candidate's service as a director must not cause us or any of our subsidiaries to lose, or to be threatened with the loss of, any application for, right to the use of, or entitlement to, any material governmental license, authorization or permit.

Each candidate shall be an individual who has demonstrated integrity and ethics in his or her personal and professional life and has established a record of professional accomplishment in his or her chosen field.

Each candidate shall be prepared to represent the best interests of all of our stockholders and not just one particular constituency.

No candidate or family member (as defined under NASDAQ rules) of a candidate may have any current material personal, financial or professional interest in any company which is determined by the Committee to be a significant competitor of ours.

Each candidate must be prepared to participate fully in Board activities, including active membership on at least one Board committee, and not have other personal or professional





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commitments that would, in the Governance Committee's sole judgment, interfere with or limit his or her ability to do so.

Each candidate shall be prepared not to serve as a member of the board of directors of more than two publicly traded companies in addition to ours without prior approval of the majority of the Independent Directors.

Each candidate shall not have attained the age of 79 as of the date of appointment or election to the Board(1).

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(1)

The Board waived this policy with respect to Herbert Simon when it determined that, because of the unique skill set that Mr. Simon continues to provide to the Board, it is in the best interests of the Company and its stockholders to allow Mr. Simon, who had attained the age of 79 in October 2013, to be considered for election to the Board at the Annual Meeting.

*Criteria for Evaluating Candidates; Diversity.* The Nominations Policy provides that, in evaluating nominations, the Governance Committee will seek to achieve a balance of different capabilities and overall diversity in the areas of personal and professional experiences and backgrounds, financial, managerial and operational knowledge; variety of opinions and perspectives; and other differentiating characteristics with the goal of seeking and selecting candidates who will enhance the Board's ability to adequately perform its responsibilities, increase stockholder value and adhere to good corporate governance practices.

The Governance Committee will consider the following criteria in evaluating candidates for nomination in light of the size and composition of the Board and its committees:

Satisfaction of the minimum qualifications established by the Governance Committee.

Education and other training.

Relevant personal and professional background, including financial, managerial and operational skills and knowledge and experience in both corporate and non-traditional environments, such as government, academia and non- profit organizations.

Whether the candidate is a party to any action or arbitration adverse to us or any of our subsidiaries.

Whether the candidate would qualify as an "independent" director as defined by NASDAQ's listing standards.

Whether the nomination and election of the candidate would result in less than two-thirds of the Board being "independent directors" as defined by NASDAQ's listing standards.

Whether the candidate would qualify as an "audit committee financial expert."

Whether the candidate has been involved in any legal proceeding that would be required to be disclosed by us pursuant to Item 401(f) ("Involvement in Certain Legal Proceedings") of Regulation S-K.

Whether any business relationships exist, or have existed, that would be required to be disclosed pursuant to Item 404 ("Transactions with Related Persons, Promoters and Certain Control Persons") of Regulation S-K.

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The candidate's reputation for judgment and honesty.

Whether we would be required to disclose any of the relationships described in Item 407(e) of Regulation S-K.

The number and identity of any other boards of directors of which the candidate is a member.

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Other professional and personal commitments that could affect the candidate's ability to serve.

Whether the candidate has provided accurate and complete responses to any requests for additional information by the Governance Committee.

Other relevant characteristics that would enhance the Board's ability to adequately perform its responsibilities, increase stockholder value, and adhere to good corporate governance practices.

Any history of criminal convictions.

Whether the candidate has agreed to be interviewed by the Governance Committee, if requested.

*Qualifications of Current Directors and Director Nominees.* As described above, the Governance Committee of the Board evaluates the qualifications of our director nominees prior to each annual meeting of stockholders. As part of this evaluation process, the Governance Committee reviews the current composition of the Board and assesses whether the qualifications of each director continue to meet the Committee's requirements for Board service. The following is a description of the particular experience, qualifications, attributes and skills that led the Governance Committee to recommend, and the Board to nominate, each person listed below as a director of the Company.

**David Overton** has served as our Chief Executive Officer and Chairman of the Board since our incorporation in February 1992. When evaluating Mr. Overton's qualifications for continuation of his Board service, the Governance Committee and Board considered Mr. Overton's essential leadership role with us, his unique perspective and understanding of our mission, vision and values, the extent and depth of his knowledge and experience related to us and our concepts, and the importance of Mr. Overton's strategic vision.

**Alexander L. Cappello** has served on the Board since 2008. When evaluating Mr. Cappello's qualifications for continuation of his Board service, the Governance Committee and the Board considered Mr. Cappello's extensive executive management and financial background, international business experience, international management and marketing experience, prior service as Lead Director of our Company, service as the Chair of our Compensation Committee and member of our Audit Committee, current status as an "independent director" for purposes of NASDAQ and SEC rules, designation by our Board as an "audit committee financial expert," former service on the boards of other public companies, including another restaurant company, and corporate governance expertise.

**Jerome I. Kransdorf** has served on the Board since 1997. When evaluating Mr. Kransdorf's qualifications for continuation of his Board service, the Governance Committee and the Board considered Mr. Kransdorf's more than 45 years of investment management experience, his depth of knowledge and experience specific to us, his current service as Chair of the Governance Committee and member of the Compensation Committee, his prior service on the Audit Committee, and his current status as an "independent director" under NASDAQ and SEC rules.

**Laurence B. Mindel** has served on the Board since March 2012. When evaluating Mr. Mindel's qualifications for continuation of his Board service, the Governance Committee and the Board considered Mr. Mindel's 45 years' experience in the restaurant industry, both as a concept creator and an operator, his experience guiding a publicly-traded restaurant company, his current status as an "independent director" under NASDAQ and SEC rules, and his prior service as a member of the Compensation Committee.

**David B. Pittaway** has served on the Board since 2009. When evaluating Mr. Pittaway's qualifications for continuation of his Board service, the Governance Committee and the Board considered his extensive financial and industry experience, including his service on audit committees of other public restaurant companies, his legal background and familiarity with SEC rules and regulations related to public companies, his current status as an "independent director" for purposes of NASDAQ and SEC rules, and his service as a member (and now Chairman) of our Audit Committee and his designation by our Board as an "audit committee financial expert."

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**Douglas L. Schmick** has served on the Board since August 2012. When evaluating Mr. Schmick's qualifications for continuation of his Board service, the Governance Committee and the Board considered Mr. Schmick's 41 years in the restaurant industry, both as a concept co-creator and operator, his experience guiding a publicly-traded restaurant company, his current status as an "independent director" under NASDAQ and SEC rules, his prior service as a member of the Audit Committee and his designation by our Board as an "audit committee financial expert."

**Herbert Simon** has served on the Board since June 2011. When evaluating Mr. Simon's qualifications for continuation of his Board service, the Governance Committee and the Board considered Mr. Simon's considerable domestic and international commercial real estate experience, including his tenure with Simon Property Group, a publicly-held real estate investment trust of which he is Chairman Emeritus and a member of the board of directors, his service as a member of the Compensation Committee, and his current status as an "independent director" under NASDAQ and SEC rules.

*Stockholder Recommendations to the Governance Committee for Nomination of Directors.* The Nominations Policy provides that the Governance Committee will consider recommendations for nominations submitted by stockholders of record. In order to give the Governance Committee sufficient time to evaluate a recommended candidate, the recommendation must be received by our Secretary at our principal executive offices no later than the 120th calendar day before the date of our proxy statement being released to stockholders in connection with the previous year's annual meeting of stockholders. With respect to the 2016 annual meeting of stockholders, recommendations must be received on or before December 19, 2015. The stockholder's recommendation must include all of the following:

The stockholder's name, address and telephone number.

The recommended candidate's name, address and telephone number.

The written consent of the recommended candidate to be named in our proxy statement and to serve as a director if nominated, elected or appointed, and qualified to serve.

A description of all arrangements or understandings in connection with such recommendation between the stockholder and the recommended candidate or between the stockholder and any other person or persons (including their names).

A description of any business, familial or other financial or personal relationship between the stockholder and the recommended candidate.

Information regarding the recommended candidate as to each of the criteria identified above for evaluating recommendations.

*Evaluation of Candidates.* The Governance Committee will consider all candidates identified through the process outlined above and will evaluate each of them, including incumbents, based on the same criteria. If, based on the Governance Committee's initial evaluation a candidate continues to be of interest to the Governance Committee, the Chair of the Governance Committee will interview the candidate and communicate his or her evaluation to the other committee members and the Chairman of the Board. Other members of the Governance Committee and senior management will conduct subsequent interviews. Ultimately, background and reference checks will be conducted and the Governance Committee will meet to finalize its list of recommended candidates for consideration by the full Board. If an incumbent is nominated, the interview process may be abbreviated at the discretion of the Chair of the Governance Committee. If the Chair of the Governance Committee is being considered for re-nomination, the other Governance Committee members shall appoint another member of the Governance Committee to head the review process for the Chair's reconsideration.

*Future Revisions to the Nominations Policy.* The Governance Committee's Nominations Policy is intended to provide a flexible set of guidelines for the effective functioning of the director nomination

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process. The Governance Committee intends to review this policy and procedure at least annually and anticipates that modifications will be necessary from time to time as our needs and circumstances evolve, and to conform with changes in applicable legal or listing standards.

*General Nomination Right of All Stockholders.* Stockholders may nominate one or more persons for election as a director of the Company at an annual meeting of stockholders if the stockholder complies with the advance notice, information and consent provisions contained in our Bylaws. Stockholder nominations for the election of directors may only be made by a stockholder of record on both the date of giving notice and on the record date for such meeting by giving timely written notice to our Secretary at our principal offices. Such notice must be received no less than 90 days or more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. If notice or prior public disclosure of the date of the annual meeting is given or made to the stockholders for a meeting date that is not within 30 days before or after the anniversary of the immediately preceding annual meeting of stockholders, notice by the stockholder will be timely if received not later than the close of business on the tenth day following the day on which such notice was mailed or such public disclosure was made, whichever is first, or no less than 90 days or more than 120 days prior to the annual meeting. For further information on the timely nomination of a person for election as a director of the Company at the 2016 annual meeting of stockholders, see "*Stockholder Proposals for the 2016 Annual Meeting of Stockholders.*"

In the event that we increase the number of directors to be elected and we make no public announcement, at least 100 days prior to the first anniversary of the preceding year's annual meeting, in which we name all of the nominees for director or specify the size of the increased Board of Directors, a stockholder's notice will be considered timely, but only with respect to nominees for any new positions created by the increase, if the notice is delivered to, or mailed and received at, our principal executive offices (addressed to our Secretary) no less than 10 calendar days following the day on which we make the public announcement. In the case of a special meeting of stockholders called for the purpose of electing directors, notice will be timely if the stockholder provides written notice to our Secretary not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the meeting date was made, whichever first occurs, or no less than 90 or more than 120 days prior to the meeting. The stockholder's notice must include all of the information required by our Bylaws. If the stockholder provides a statement that the stockholder intends to deliver a proxy statement and form of proxy, the nomination may not be brought before the meeting unless the stockholder has delivered a proxy statement and form of proxy to holders of a percentage of our voting shares reasonably believed by the stockholder to be sufficient to elect the nominee or nominees proposed by the stockholder.

The foregoing summary is not a complete description of the provisions of our Bylaws pertaining to stockholder nominations and proxies. Stockholders may obtain, without charge, a copy of our Bylaws upon written request to our Secretary at our principal executive offices. Our Bylaws are also available on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance."

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

During fiscal 2014, Messrs. Cappello, Kransdorf, Mindel and Simon served on the Compensation Committee, with Mr. Cappello serving as Chairman. During fiscal 2014, no member of the Compensation Committee was an officer or employee of ours, a former officer of ours or of our subsidiaries or had a relationship requiring disclosure by us under Item 407(e) of Regulation S-K. None of our executive officers served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of our Board or the Compensation Committee during fiscal 2014.

Table of Contents**Board of Directors Compensation**

The following table sets forth information regarding the cash compensation arrangements, effective as of January 1, 2014, for Independent Directors who served on our Board in fiscal 2014. Any member of the Board who is not an Independent Director does not receive fees for service on the Board or its committees.

<b>Board of Directors Fees(1)</b>	<b>Fiscal 2014</b>
Annual retainer	\$ 75,000
Annual cash payment in lieu of equity grant in 2014(2)	\$ 95,000
Lead Director annual fee	\$ 20,000
Audit Committee Chair annual fee	\$ 15,000
Compensation Committee Chair annual fee	\$ 10,000
Governance Committee Chair annual fee	\$ 7,500

(1) All fees and cash payments are payable in equal monthly installments, as earned, following the end of each calendar month.

(2) The Board authorized a cash payment of \$95,000, annually, to each director in lieu of a stock option grant. Rather than offering equity awards to non-employee directors under an equity plan, we have adopted stock ownership guidelines for our directors in order to better align their interests with those of our stockholders.

In order to continue to assure that the interests of our Independent Directors are aligned with the long-term interests of our stockholders, in 2009 we adopted a Non-Employee Director Stock Ownership Policy which requires our non-employee directors to acquire and thereafter maintain ownership of shares of our Company's common stock equal in fair market value to three times their annual cash retainer. For a full description of our stock ownership policy, please see "*Director and Executive Stock Ownership Guidelines, Holding Periods and Other Requirements*" below.

The following table sets forth certain information regarding the compensation earned by each Independent Director who served on our Board in fiscal 2014. Mr. Overton, as an employee of the Company, is not an Independent Director and is not compensated for his services on the Board.

**DIRECTOR COMPENSATION FOR FISCAL 2014**

<b>Name</b>	<b>Total Fees Earned or Paid in Cash</b>
Alexander L. Cappello	\$ 180,000
Jerome I. Kransdorf(1)	\$ 197,500
Laurence B. Mindel	\$ 170,000
David B. Pittaway	\$ 185,000

Douglas L. Schmick	\$	170,000
Herbert Simon	\$	170,000

- (1) Fees were earned and paid into a nonqualified deferred compensation plan account administered under The Cheesecake Factory Incorporated Executive Savings Plan. See "*Director Eligibility for Participation in the Executive Savings Plan*" below.

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As of December 30, 2014, the end of our 2014 fiscal year, the following director held options exercisable for the number of shares of our common stock shown opposite his name in the table below under our Non-Employee Director Stock Plan, which expired in May, 2007. All outstanding options are fully vested.

Name	Number of Stock Options
Jerome I. Kransdorf	27,514

Messrs. Cappello, Mindel, Pittaway, Schmick and Simon have not been granted equity in connection with their Board service.

*Director Eligibility for Participation in the Executive Savings Plan.* Members of the Board are eligible to participate in our Executive Savings Plan, a nonqualified deferred contribution plan, by contributing all or a portion of their director fees to this plan. We do not match contributions made by non-employee members of the Board to the Executive Savings Plan. Additional information regarding the Executive Savings Plan appears in the section of this Proxy Statement entitled *Nonqualified Deferred Compensation*.

*Reimbursement of Expenses and Other Perquisites.* Each Independent Director is entitled to reimbursement for reasonable out-of-pocket expenses incurred in connection with travel to and from, and attendance at, meetings of the Board or its committees and related activities, including director education courses and materials. Independent Directors also receive dining privileges at our restaurants.

**Indemnification of Officers and Directors**

As permitted by the Delaware General Corporation Law, our Certificate of Incorporation limits the personal liability of our directors for monetary damages for breach of fiduciary duty of care as a director. Liability is not eliminated for (a) any breach of the director's duty of loyalty to us or our stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) unlawful payment of dividends or stock purchases or redemptions pursuant to Section 174 of the Delaware General Corporation Law, and/or (d) any transaction from which the director derived an improper personal benefit. Our Certificate of Incorporation also provides that we shall indemnify and advance indemnification expenses on behalf of all directors and officers of ours to the fullest extent permitted by Delaware law. Article VIII of our Bylaws also requires us, subject to certain limitations, to indemnify directors and officers and advance expenses. The indemnification and advancement of expenses provisions of Article VIII are not exclusive of any other rights of indemnification or advancement of expenses.

We also entered into indemnification agreements with all of our directors and Named Executive Officers. Each indemnification agreement requires us to indemnify and hold harmless the director or Named Executive Officer to the fullest extent authorized by the laws of the State of Delaware. Each indemnification agreement also requires us, subject to specific terms and conditions, to advance expenses to the director or officer. Each indemnification agreement also sets forth various procedures and definitions with respect to indemnification and advancement of expenses. We also are obligated to maintain directors' and officers' liability insurance. With specified exceptions, we are not obligated to provide indemnification or advance expenses with respect to actions initiated by the director or officer or to indemnify the director or officer in connection with proceedings by us to enforce non-compete or non-disclosure agreements. To the extent the provisions of the indemnification agreements exceed the indemnification permitted by applicable law, such provisions may be unenforceable or may be limited to the extent they are found by a court of competent jurisdiction to be contrary to public policy.



Table of Contents**Director and Executive Officer Stock Ownership Guidelines, Holding Periods and Other Requirements**

*Stock Ownership Guidelines for Directors.* The Board adopted stock ownership guidelines for non-employee directors in fiscal 2009 in order to further align the interests of our directors with the long-term interests of our stockholders. The guidelines, as amended, currently provide that, on or before December 31, 2013, all non-employee directors who were members of the Board at the time of adoption of the guidelines (currently, Messrs. Cappello, Kransdorf and Pittaway) are required to acquire (and thereafter maintain ownership of) a minimum number of shares of our common stock with a fair market value equal to three times the annual base cash retainer for non-employee directors (\$75,000 as of February 10, 2014). In addition, within three years of their respective appointments, all newly appointed non-employee directors (currently, Messrs. Mindel, Schmick and Simon) are required to acquire (and thereafter maintain ownership of) a minimum number of shares of our common stock with a value equal to three times the annual base cash retainer payable to the non-employee directors. For purposes of this policy, stock ownership includes any shares owned by a director or his or her immediate family members or held by him or her as part of a tax or estate plan in which the director retains beneficial ownership. The value of shares held is calculated once per year, on the first day of the fiscal year. For purposes of determining compliance with the policy, "value" means an assumed per-share value based on the average of the closing price of our common stock on the last day of each of the previous four fiscal quarters. A director is not required to acquire shares of our common stock in accordance with the stock ownership guidelines if the purchase would result in a violation of our Special Trading Policy and Procedures and the addendum thereto. In such a scenario, the director is required to comply with the stock ownership guidelines as soon as reasonably feasible thereafter.

All of our Board members are in compliance with our stock ownership policy as of the first day of our current fiscal year.

Members of the Board, our officers and staff members are prohibited from trading in any interest or position relating to the future price of our securities, such as a put, call or short sale, or using our stock as collateral for margin loans.

*Stock Ownership Guidelines for Executive Officers.* In fiscal 2010, the Board adopted stock ownership guidelines for certain of our executive officers, including all current Named Executive Officers, in order to align the interests of our key executives with the long-term interests of our stockholders. The ownership guidelines provide that, on or before December 31, 2015, all individuals currently holding the positions with the Company listed below are required to acquire (and thereafter maintain ownership of) a minimum number of shares of the Company's common stock with a value equal to the multiple of such executive's annual base salary (excluding bonus), as follows:

<b>Position with Company</b>	<b>Multiple of Salary</b>
Chief Executive Officer of the Company	6 times annual base salary
President of the Company or of our wholly owned subsidiaries, The Cheesecake Factory Restaurants, Inc. or The Cheesecake Factory Bakery Incorporated	2 times annual base salary
Executive Vice President of the Company	2 times annual base salary

In addition, within five years of the appointment of any newly appointed officer in the positions designated above (other than a newly-appointed Chief Executive Officer, who has seven years to comply), the newly appointed executive is required to acquire (and thereafter maintain ownership of) shares of our common stock with the value set forth above. For purposes of this policy, stock ownership includes (i) any shares owned by an executive or his or her immediate family members or held by him or her as part of a tax or estate plan in which the executive retains beneficial ownership, and (ii) unvested restricted stock or

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restricted stock units. The value of shares held is calculated once per year, on the first day of the fiscal year. For purposes of determining compliance with the policy, "value" means an assumed per-share value based on the average of the closing price of our common stock on the last day of each of the previous four fiscal quarters. An executive subject to this policy is not required to acquire shares of our common stock in accordance with the stock ownership guidelines if acquisition at such time would result in a violation of our Special Trading Policy and Procedures and the addendum thereto, in which event the executive is required to comply with the guidelines as soon as reasonably feasible thereafter. Certain hardship exceptions are available at the discretion of the Compensation Committee, but no exceptions have been solicited or granted to date.

All of our Named Executive Officers subject to our stock ownership policy are in compliance therewith as of the first day of our current fiscal year, in advance of the December 31, 2015 compliance date.

Members of our Board, our officers and staff members are prohibited from trading in any interest or position relating to the future price of our securities, such as a put, call or short sale, or using our stock as collateral for margin loans.

### **Policies Regarding Review, Approval or Ratification of Transactions with Related Persons**

In accordance with its charter, our Audit Committee reviews and approves any proposed transactions with a "related person." Any related person transaction will be disclosed in the applicable SEC filing as required by SEC rules. For purposes of these procedures, "related person" and "transaction" have the meanings as defined in Item 404 of Regulation S-K. We had no reportable transactions with related persons required to be disclosed under Item 404 of Regulation S-K since the beginning of fiscal 2014.

## **FORWARD LOOKING STATEMENTS**

Certain information included in this Proxy Statement, including the section entitled Compensation Discussion and Analysis set forth below, and other materials filed or to be filed by us with the Securities and Exchange Commission ("SEC"), as well as information included in oral or written statements made by us or on our behalf, may contain forward-looking statements about our current and expected performance trends, growth plans, business goals and other matters. These statements may be contained in our filings with the SEC, in our press releases, in other written communications, and in oral statements made by or with the approval of one of our authorized officers. Words or phrases such as "believe," "plan," "will likely result," "expect," "intend," "will continue," "is anticipated," "estimate," "project," "may," "could," "would," "should" and similar expressions are intended to identify forward-looking statements. These statements, and any other statements that are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as codified in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Acts") and are based on our current expectations and involve risks and uncertainties which may cause results to differ materially from those set forth in the statements.

In connection with the "safe harbor" provisions of the Acts, we have identified and are disclosing important factors, risks and uncertainties that could cause our actual results to differ materially from those projected in forward-looking statements made by us, or on our behalf (See Item 1A Risk Factors of our Annual Report on Form 10 K for the fiscal year ended December 30, 2014, and our quarterly reports on Form 10 Q and current reports on Form 8 K, as filed with the SEC.) These cautionary statements are to be used as a reference in connection with any forward-looking statements. The factors, risks and uncertainties identified in these cautionary statements are in addition to those contained in any other cautionary statements, written or oral, which may be made or otherwise addressed in connection with a forward-looking statement or contained in any of our subsequent filings with the SEC. Because of these factors, risks and uncertainties, we caution against placing undue reliance on forward-looking statements.

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Although we believe that the assumptions underlying forward-looking statements are reasonable, any of the assumptions could be incorrect, and there can be no assurance that forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date on which they are made. Except as may be required by law, we do not undertake any obligation to modify or revise any forward-looking statement to take into account or otherwise reflect subsequent events or circumstances arising after the date that the forward-looking statement was made.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

This Compensation Discussion and Analysis explains our strategy, design of, and decision-making related to our compensation programs and practices for our principal executive officer, our principal financial officer and our three other most highly compensated executive officers (collectively, "Named Executive Officers"). This Compensation Discussion and Analysis also explains how the compensation of our Named Executive Officers aligns with the interests of our stockholders, and is intended to provide perspective on the compensation information contained in the tables that follow this discussion.

For fiscal 2014, our Named Executive Officers were:

David Overton, Chairman of the Board and Chief Executive Officer;

David Gordon, President, The Cheesecake Factory Incorporated;

W. Douglas Benn, Executive Vice President and Chief Financial Officer;

Debby R. Zurzolo, Executive Vice President, General Counsel and Secretary; and

Max S. Byfuglin, President, The Cheesecake Factory Bakery Incorporated.

While the principal purpose of this Compensation Discussion and Analysis is to review Named Executive Officer compensation, many of the programs discussed apply to other members of senior management who, combined with the Named Executive Officers, are collectively referred to herein as "executives."

### **Business Summary**

As of the Record Date, we operated 189 Company-owned restaurants: 177 under The Cheesecake Factory® mark, 11 under the Grand Lux Cafe® mark and one under the RockSugar Pan Asian Kitchen® mark. Internationally, 9 The Cheesecake Factory® branded restaurants are operated under licensing agreements. We also operated two bakery production facilities, which produce desserts for our restaurants, international licensees and third-party bakery customers.

We have the flexibility in our restaurant designs to penetrate a wide variety of markets across varying population densities in both existing and new markets, and we intend to continue developing The Cheesecake Factory restaurants in high-quality, high-profile locations that meet our site standards. In addition to expanding The Cheesecake Factory restaurant concept, we plan to selectively consider other means to leverage our competitive strengths including the expansion of our other existing restaurant concepts, the development or acquisition of new restaurant concepts, and/or the expansion of our brands to other retail opportunities.

We have exclusive licensing agreements with three international companies to develop The Cheesecake Factory branded restaurants in certain markets in the Middle East, Latin America and Asia. These licensing agreements include initial development fees, site and design fees and ongoing royalties based upon our respective licensees' restaurant sales. In addition, our licensees purchase bakery products from us branded under The Cheesecake Factory® trademark.



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**Fiscal 2014 Business Summary**

We believe that our compensation philosophy and strategies motivate our executives to achieve strategic and operational objectives that contribute to our results. Despite significant challenges in fiscal 2014 which impacted our operating income results, including lower than expected overall sales, healthcare cost pressures and commodity cost increases, many important strategic and operational objectives were accomplished in fiscal 2014, including:

Achieved 1.5% increase in comparable restaurant sales at The Cheesecake Factory restaurants as compared to fiscal 2013;

Achieved 20 consecutive quarters of improved comparable restaurant sales through the end of fiscal 2014, including in each quarter of fiscal 2014;

Outperformed our 2014 Financial Peer Group(1) on the operating margin metric by approximately 3.9%, notwithstanding a 1% cumulative increase in dairy and group medical costs, as compared to fiscal 2013;

Achieved our targeted number of new The Cheesecake Factory domestic locations by opening ten restaurants in the United States, with sales productivity above target through the end of fiscal 2014;

Supported our licensees in opening four international The Cheesecake Factory® restaurants, including the first licensed restaurant in Mexico;

Entered into our third international license agreement to open branded The Cheesecake Factory® restaurants in The People's Republic of China, Hong Kong, Taiwan and Macao;

Received recognition from Fortune magazine as one of the "100 Best Companies to Work For"® for 2014; and

Maintained historically high positive guest feedback despite an approximately 2% - 3% decline in such metric reported in casual dining generally.

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(1) See footnote (3) in "Targets for Participants Other than Bakery Division" on page 57 for a discussion as to the peers comprising the 2014 Financial Peer Group and why they were selected.

The following table provides additional information related to our fiscal 2014 performance as compared to fiscal 2013.

	<b>Fiscal 2014</b>	<b>Fiscal 2013</b>	<b>Change %</b>
	<b>(in thousands, except percentage and per share amounts)</b>		
Revenues	\$ 1,976,624	\$ 1,877,910	5.3
The Cheesecake Factory comparable restaurant sales	1.5%	1.1%	36.4
Income from operations	\$ 144,731	\$ 160,954	(10.1)
Diluted net income per share	\$ 1.96	\$ 2.10	(6.7)
Adjusted income from operations(1)	\$ 145,427	\$ 160,393	(9.3)
Adjusted diluted net income per share(1)	\$ 1.97	\$ 2.10	(6.2)
Stock price per share as of fiscal year-end	\$ 50.55	\$ 48.27	4.7

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Operating Margin	7.3%	8.6%	
Adjusted operating margin(1)	7.4%	8.5%	(14.0)

(1)

We calculate these non-GAAP measures by eliminating the impact of items we do not consider indicative of our ongoing operations. We believe these adjusted measures provide additional information to facilitate the comparison of our past and present financial results. We utilize results that both include and exclude the identified items in evaluating business performance. However, our

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inclusion of these adjusted measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. In the future, we may incur expenses or generate income similar to the adjusted items.

Following is a reconciliation of income from operations, net income and diluted net income per share to the corresponding adjusted measures (in thousands, except per share data):

	2014	2013
Income from operations	\$ 144,731	\$ 160,954
Pre-tax impact from:		
Impairment of assets and lease terminations(1)	696	(561)
Adjusted income from operations	\$ 145,427	\$ 160,393
Net income	\$ 101,276	\$ 114,356
After-tax impact from:		
Impairment of assets and lease terminations(1)	418	(337)
Adjusted net income	\$ 101,694	\$ 114,019
Diluted net income per share	\$ 1.96	\$ 2.10
After-tax impact from:		
Impairment of assets and lease terminations(1)	0.01	(0.01)
Adjusted diluted net income per share(2)	\$ 1.97	\$ 2.10

(1) Represents impairment and lease termination expenses and income related to seven The Cheesecake Factory and four Grand Lux Cafe restaurants. These amounts were recorded in impairment of assets and lease terminations.

(2) Adjusted net income per share may not add due to rounding.

**Overview of Compensation Program**

*Compensation Philosophy.* In order to maintain our leadership position in our industry and to continue growing our concepts, both domestically and internationally, we need to attract and retain highly motivated executives who bring experience, innovation and operational excellence to our Company. With this in mind, our compensation philosophy centers on:

Attracting and retaining industry-leading executives by paying competitive compensation relative to other companies within the restaurant industry and other industries with which we compete for talent;

Driving high performance by connecting compensation to our financial, operating, and strategic goals and results and by appropriately rewarding high performance;

Rewarding individual performance and contribution to our success; and

Enhancing stock price performance and aligning the interests of our executives with those of our stockholders by tying a portion of our executive compensation to equity incentives and requiring stock ownership for our Named Executive Officers and non-employee directors.



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*Elements of Compensation Program.* During fiscal 2014, our executive compensation and benefits consisted of the components listed in the table below, which provides a brief description of the principal types of compensation, how performance is factored into each type of compensation and the primary objectives served by each element.

**Fiscal 2014 Principal Elements of Executive Compensation**

<b>Element</b>	<b>Description</b>	<b>Performance Considerations</b>	<b>Primary Objectives</b>
Base Salary	Fixed cash payment	Based on level of responsibility, experience, individual performance, and expected future value / contribution	Attract and retain talent
			Provide competitive compensation
			Recognize career experience
			Reward individual performance
Performance Incentive Plan	Performance-based annual cash incentive	Amount of award tied to level of achievement of objectives and management position, measured as a percentage of Base Salary	Promote and reward high performance and achievement of Company and divisional annual financial and strategic objectives
			Satisfaction of a stockholder approved performance criteria required for any pay out
Long-Term Stock Incentive Plan ("Stock Plan")	Stock options	Value of pay directly linked to long-term stock price performance	Align executive interests with stockholder interests
	Restricted shares	All Named Executive Officers' restricted share grants in fiscal 2014 included stockholder approved performance criteria as a condition for vesting.	Attract and retain talent  Reward individual performance through amount of awards

granted and Company performance through stock price growth.

Retirement and Welfare Benefits

Medical, dental, vision, life insurance and long-term disability insurance

Not applicable

Attract and retain talent

Non-qualified deferred compensation plan

Provide competitive compensation

Defined benefit retirement agreement (for Chief Executive Officer only)

Provide reasonable security to allow executives to perform at their best level

Executive Perquisites

Company-leased vehicle or car allowance

Not applicable

Attract and retain talent

Executive physical for Senior Vice Presidents and above only

Provide competitive compensation

Relocation benefits on a case-by-case basis

Promote health and wellbeing of senior executives (executive physical perquisite, Vacation and Sabbatical Leave Program only)

Vacation and Sabbatical Leave Program

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*Factors Considered in Making Compensation Decisions.* Our compensation strategy with respect to individual executives is flexible and enables us to appropriately differentiate and reward individuals with different experience and contributions, while taking into account:

Company financial and operational performance,

The executive's individual performance, experience and qualifications,

The scope of the executive's role,

The level of total compensation for our other senior executives, and

Competitive market data, which helps us evaluate how our executive pay levels compare to others in our industry and within the market in which we compete for talent.

All of the factors set forth above are considered by the Compensation Committee in establishing Named Executive Officer compensation, in a subjective manner, without any specific formula.

**Pay for Performance**

We believe in driving high performance by tying compensation to our financial, operating, and strategic goals and results, and by providing appropriate rewards. The Compensation Committee considers our competitive environment and historical financial performance when establishing performance targets for the next fiscal year. The Compensation Committee adjusts base salary and performance incentive compensation to reward Named Executive Officers when our financial and strategic objectives are accomplished and may withhold or limit salary increases and disapprove or reduce performance incentive compensation when we fail to fully accomplish our goals and drive results.

Consistent with our belief in pay for performance, we design our executive compensation program, and particularly the compensation of our Chief Executive Officer, to reflect the Company's performance and our stock performance over time. For example, in fiscal year 2014, while we achieved our strategic objectives, we did not achieve our Company-wide target consolidated operating income objective and thus he received only 25% of his target bonus. (See "*Fiscal 2014 Performance Objective Achievement*," below.) In fiscal 2013, while we substantially achieved our goals, we did not meet all of the performance criteria and, as a result, Mr. Overton received 81.25% of his target bonus. In fiscal year 2012, we exceeded the performance criteria and, as a result, Mr. Overton received 110% of his target bonus. With respect to long-term incentives (now targeted for fiscal 2015 at approximately 66% for our Chief Executive Officer's total target compensation), the potential gains that could be realized from option exercises and restricted share vesting are directly impacted by our continued ability to drive even better financial performance in the future resulting in increased share price. In addition, restricted shares granted to our Named Executive Officers in 2014 included stockholder approved performance criteria as a condition for vesting.

The Compensation Committee seeks to establish compensation packages that reward high performance. We look at different analytical assessments, including an alignment methodology performed by Farient Advisors, LLC, the Compensation Committee's independent compensation consultant ("Farient Advisors"). The Compensation Committee requested that Farient Advisors assess the relationship between our executive compensation and long-term performance. In addition to conducting quantitative analyses commonly relied upon by independent proxy governance organizations to test the alignment of our Chief Executive Officer's pay and performance, Farient Advisors used its proprietary pay for performance alignment model to test the alignment of our Chief Executive Officer's average annualized Performance-Adjusted Compensation ("PAC") (including salary, actual bonus, and the performance-adjusted value of long-term incentives) and performance, as indicated by Total Stockholder Return ("TSR"), defined as stock price appreciation plus dividends, as if those dividends had been reinvested in the Company's stock, over time. In doing so, Farient Advisors compared our Chief Executive Officer's average annualized PAC over successive three-year rolling periods (beginning with the three-year period from January 1, 2003 to December 31, 2005 and ending with the three-year period from January 1, 2012 to December 31, 2014) to our compound annual TSR for the same three-year rolling periods and tested the results against the companies in our peer group identified in upcoming section "Market Positioning, Comparison Group for

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Fiscal 2014" (excluding Chipotle Mexican Grill, Inc. due to its pay practices being substantially different than that of the other peer group companies).

As indicated by the chart below, Farient Advisors' analysis of the Company's pay for performance shows that our Chief Executive Officer's pay has historically been and continues to be strongly aligned with the Company's performance and stockholders' interests. This is indicated by the fact that our Chief Executive Officer's annualized PAC has trended with the Company's performance. Specifically, when our TSR is higher, our Chief Executive Officer's PAC is higher, and conversely, when our TSR is lower, our Chief Executive Officer's PAC is lower. In addition, Farient Advisor's analysis indicated that our Chief Executive Officer's average annual PAC, considering the Company's size and performance, has been and continues to be reasonable. Farient Advisors considers PAC to be reasonable for companies that generally pay Chief Executive Officers, on a performance-adjusted basis, below the upper boundary of a competitive pay range that Farient Advisors deems to be acceptable based on a company's size, peer group pay practices, and performance.

Additionally, Farient Advisors concluded that we achieved aligned CEO compensation through:

Our consistent use of equity;

Our goal-setting in a competitive performance context;

Our longer vesting on options and restricted stock than our peer group(1);

Our clawback and executive stock ownership policies; and

Our Chief Executive Officer's significant stock ownership (7.9% of outstanding shares as of the Record Date).

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(1)

See "*Comparison Group for Fiscal 2015*" for a description of our peer group and how it was selected

**The Cheesecake Factory CEO Total PAC™  
vs. Peer Group(1)  
Pay for Performance Alignment  
Over 3 Year Period Ending in Year Shown**

- 
- (1) Peer group excludes data for Chipotle Mexican Grill, Inc. due to its pay practices being substantially different than that of the other peer group companies

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*Pay Mix.* Our Compensation Committee seeks to maintain an emphasis on performance-based pay. A significant portion of our Named Executive Officers' compensation is at risk through short and long-term incentive programs. We do not use specific percentages to allocate between cash and non-cash compensation and short-term versus long-term compensation; however, we believe a significant portion of our Named Executive Officers' pay should be performance-based. Mr. Overton has a proportionately greater percentage of performance-based compensation as compared to other Named Executive Officers because we believe he has a greater ability to influence the long-term performance of the Company.

The following charts show each element of our compensation as a percentage of the target total compensation for our Chief Executive Officer and other Named Executive Officers, for fiscal years 2014, 2013 and 2012.

**CEO Target Pay**

**Other NEO Target Pay**

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Performance-based pay remains a significant portion of total compensation for our Chief Executive Officer and our other Named Executive Officers, which aligns our executive compensation programs with the interests of our stockholders. This alignment is strengthened further by:

Longer equity vesting periods than our peer group<sup>(1)</sup> (i.e., generally five years for stock options and restricted stock, versus three to four years for the peer group);

Stock ownership policies for our Chief Executive Officer and other Named Executive Officers who, along with the members of our Board, as of the Record Date own (or have rights to acquire within 60 days of the Record Date), in the aggregate, approximately 9.4% of our common stock; and

A "clawback" policy requiring executives to pay back any bonus deemed appropriate by the Audit Committee if we are required by law or applicable accounting or auditing standards to restate our financial statements to correct an accounting error as a result of material noncompliance with financial reporting requirements, and the bonus was directly based on results disclosed in those financial statements (see "*Clawback Policy*" in the "*Other Considerations*" section of this "*Compensation Discussion and Analysis*").

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(1)

See "*Comparison Group for Fiscal 2015*" for a description of our peer group and how it was selected

#### **2014 "Say on Pay" Advisory Vote on Executive Compensation**

The Company provided stockholders a "say on pay" advisory vote on its executive compensation at the Company's 2014 annual meeting of stockholders. The stockholders approved, by a vote of approximately 93% of shares represented in person or by proxy, the compensation program and policies and the compensation paid to the Company's Named Executive Officers as presented in the proxy statement for the 2014 annual meeting of stockholders. In light of the favorable "say on pay" vote, the Compensation Committee did not materially adjust the Company's compensation programs and strategies, other than to adopt a value-based equity grant approach. The Company intends to provide stockholders with a "say on pay" advisory vote on an annual basis.

#### **Oversight of Named Executive Officer Compensation**

*Compensation Committee.* The Compensation Committee of our Board determines our Named Executive Officers' base salary, performance incentive awards, equity compensation plans, and other compensation related matters, and is supported in that process by an independent compensation consultant and members of senior management, including our Chief Executive Officer, Senior Vice President of Human Resources and Vice President of Compensation and Benefits. The Compensation Committee regularly evaluates our compensation programs to ensure they support our business objectives, which include (i) continued quality restaurant growth that generates acceptable returns, (ii) sustainability of our brands and brand expansion as appropriate, (iii) profitability, (iv) operational excellence, (v) infrastructure security and scalability, and (vi) the creation of long-term value for our stockholders. The Compensation Committee operates according to a written charter that is available on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance."

*Role of Outside Consultants.* Since fiscal 2008, the Compensation Committee has engaged Farient Advisors to provide detailed evaluation and recommendations regarding our executive and Board compensation programs and to advise the Compensation Committee with respect to structuring our compensation plans to achieve our business objectives. Farient Advisors conducts research as directed by the Compensation Committee and supports the Compensation Committee in the design of executive and Board compensation. Although Farient Advisors works with management, including our Chief Executive Officer, to develop programs that support our business objectives while carrying out its duties for the Compensation Committee, Farient Advisors is retained by and reports directly to the Compensation

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Committee and does not provide any other services to the Company other than those for which it has been retained by the Compensation Committee.

*Role of Chief Executive Officer in Compensation Decisions.* Our Chief Executive Officer provides the Compensation Committee with his assessment of the performance of each Named Executive Officer (other than himself) and his perspective on the factors described above under "Factors Considered in Making Compensation Decisions" when developing his recommendations for each Named Executive Officer's compensation (other than his own), including salary adjustments, long and short-term performance incentive compensation, discretionary bonuses, and compensation adjustments in conjunction with promotions. The Compensation Committee discusses our Chief Executive Officer's recommendations, consults with Farient Advisors, and then approves or modifies the recommendations in collaboration with the Chief Executive Officer.

*Roles of Senior Vice President of Human Resources and Vice President of Compensation & Benefits in Compensation Decisions.* Our Senior Vice President of Human Resources and our Vice President of Compensation & Benefits work with our Chief Executive Officer when developing his recommendation for each Named Executive Officer's compensation (other than his own) by reviewing benchmarking information provided by our Outside Consultants (Farient Advisors) as well as performance factors. They then present the initial recommendations to both our Outside Consultants and to the Chair of the Compensation Committee for initial input prior to final submission to the Compensation Committee.

*Compensation of our Chief Executive Officer.* Our Chief Executive Officer's compensation is determined solely by the Compensation Committee, which approves the terms of, and makes recommendations to the Board with respect to, his employment agreement, and adjusts his base salary, long and short-term performance incentive compensation and other benefits from year to year. Please see the section entitled "Employment Agreements" in this Proxy Statement for a summary of the material terms of Mr. Overton's employment agreement. The Compensation Committee solicits our Chief Executive Officer's perspective on his own compensation, but makes determinations regarding his compensation independently and without him or other Named Executive Officers present. The Compensation Committee reviews Mr. Overton's annual cash and long and short-term performance incentive compensation at approximately the same time and following the same process as compensation levels are reviewed for all other Named Executive Officers, as further described in this Compensation Discussion and Analysis.

**Market Positioning**

Our Compensation Committee, in collaboration with our Chief Executive Officer and Senior Vice President of Human Resources, reviews market data related to pay practices among comparable companies, but does not target specific market positioning of pay when determining compensation for individual Named Executive Officers. Rather, the Compensation Committee uses comparative market data as one of several factors when making individual compensation decisions.

As part of its compensation review process for fiscal 2014, the Compensation Committee reviewed an analysis prepared by Farient Advisors of market pay practices for positions similar to the positions of our Named Executive Officers and other key executives, adjusted to take into account differences, if any, between the scope of our Named Executives Officers' responsibilities compared to their counterparts in positions with similar titles in comparable companies. This analysis used pay comparisons from (i) comparable companies in the restaurant and hotel industry as compiled from their proxy disclosures and other SEC filings, and (ii) two recognized market survey sources, the Mercer Executive Survey and the Chain Restaurant Total Rewards Association (CRTRA) Survey. For the Chief Executive Officer and the Chief Financial Officer, size-adjusted data from the comparable companies listed below was weighted at 50% and the surveys were weighted at 25% each for purposes of determining market pay positions in such analysis. Farient Advisors determined, due to the additional responsibilities of our other Named Executive



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Officers, there was not sufficient comparable representation in the proxy data, and thus the surveys were weighted at 50% each in such analysis.

*Comparison Group for Fiscal 2014.* The Compensation Committee reviewed the composition of our executive compensation peer group to ascertain whether the group of companies we use as part of our compensation analyses adequately represented those companies that are similar to us in size and complexity of operations and with whom we compete for executive talent. The companies against which we compared ourselves for Named Executive Officers' compensation decisions made for fiscal 2014 were comprised of the following companies that (i) had revenue between \$500 million and \$4.5 billion (approximately 0.3 times to 2.3 times our revenue), and (ii) in the aggregate, had an overall median revenue of \$1.7 billion, which was approximately equal to our revenue of \$1.9 billion:

BJ's Restaurants	Chipotle Mexican Grill	Panera Bread Company
Bloomin' Brands Inc.	Darden Restaurants*	Red Robin Gourmet Burgers
Bob Evans Farms	Denny's	Ruby Tuesday
Brinker International	DineEquity	Texas Roadhouse.
Buffalo Wild Wings	Hyatt Hotels Corp.	Wyndham Worldwide Corp.
Cracker Barrel Group	Ignite Restaurant Group	

\*

Included in our comparison group because of its importance as an industry leader in casual dining, even though its revenues are greater than the \$4.5 billion upper range limit.

Due to the size differences among these companies and us, Fairfent Advisors used regression analyses to size-adjust the results and corroborated the findings with data from our survey sources.

While this comparison group provides the Compensation Committee with an important general frame of reference, the Compensation Committee does not target our Named Executive Officers' compensation at any specific percentile or within a specific range of the comparison group's pay levels. Based upon its review of the size-adjusted competitive market data for the companies set forth above and the Company's stock price assumptions applicable during the period in which compensation levels were being reviewed, the Compensation Committee determined that the appropriate total direct compensation (which includes base salary, short-term incentive bonus, and long-term incentives) for fiscal 2014 for our Chief Executive Officer. This amount resulted in our Chief Executive Officer being positioned at approximately the 75th percentile and our other Named Executive Officers as a group being positioned at approximately the 50th percentile compared to our comparable executive compensation peer group companies.

*Comparison Group for Fiscal 2015.* In the last quarter of fiscal 2014, the Compensation Committee again reviewed the composition of our executive compensation peer group for compensation decisions to be made for fiscal 2015. The Compensation Committee removed Denny's from our comparison group for fiscal 2015 because it fell below the annual revenue threshold of \$500 million and is not expected to meet the revenue requirements in fiscal year 2015. The resulting group of companies similar to us in size and complexity of operations and against which we compete for executive talent is comprised of the following companies that (i) have annual revenue between \$600 million and \$5 billion (approximately 0.3 times to 2.6

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times our revenue, with the exception of Darden Restaurants), and (ii) in the aggregate, have an overall median revenue of \$1.9 billion, which is approximately equal to our revenue:

BJ's Restaurants	Chipotle Mexican Grill	Red Robin Gourmet Burgers
Bloomin' Brands Inc.	Darden Restaurants*	Ruby Tuesday
Bob Evans Farms	DineEquity	Texas Roadhouse
Brinker International	Hyatt Hotels Corp.	Wyndham Worldwide Corp.
Buffalo Wild Wings	Ignite Restaurant Group	
Cracker Barrel Group	Panera Bread Company	

\*

Included in our comparison group because of its importance as an industry leader in casual dining, even though its revenues are greater than the \$5 billion upper range limit.

The Committee reviewed the competitive pay data presented by Farient Advisors and agreed that only modest increases in compensation would be appropriate, considering the performance of the Company overall in fiscal 2014. These increases (described in greater detail below) position Named Executive Officers' total direct compensation at between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the comparison peer group's pay levels. For the Chief Executive Officer in particular, the Committee determined that Mr. Overton's current total direct compensation was already at approximately the 75<sup>th</sup> percentile of the comparison peer group's pay levels, and that maintaining this same level with no increase would be appropriate in consideration of the Company's performance overall in fiscal 2014.

### **Principal Elements of Compensation**

#### ***Base Salary***

In accordance with our compensation objectives, base salaries for our Named Executive Officers are determined by the Compensation Committee and administered to reflect the individual officer's career experience, contribution and performance, as well as the value of the position relative to the marketplace. During its annual review of base salaries, the Compensation Committee has historically considered each Named Executive Officer's performance during the prior year and the recommendations of our Chief Executive Officer (except with respect to his own compensation), as well as market data provided by Farient Advisors, as discussed above.

Without using any particular formula or assigning a specific weight to any factor, the Compensation Committee also considers:

Our overall performance, including our performance as compared to certain performance objectives established under our short-term performance incentive plan for the applicable fiscal year,

The share value of our common stock at the end of the applicable fiscal year compared to the end of the prior fiscal year,

The role each Named Executive Officer played and his or her contributions in driving our overall performance, and

As a general point of reference, the market position of our Named Executive Officers' compensation as discussed above (see "*Market Positioning*").



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The following chart shows the annualized base salaries for our Named Executive Officers for fiscal years 2013, 2014 and 2015 and their respective increases, which the Compensation Committee determined were reasonable and appropriate based on individual and Company performance.

**FISCAL 2013, 2014 and 2015 ANNUALIZED BASE SALARIES**

Name and Principal Position	Fiscal 2015		Fiscal 2014		Fiscal 2013
	\$	% Increase	\$	% Increase	\$
<b>David Overton</b> <i>Chairman of the Board and Chief Executive Officer</i>	\$ 995,000	0.0%	\$ 995,000	0.5%	\$ 990,000
<b>David Gordon</b> <i>President, The Cheesecake Factory Incorporated</i>	\$ 545,000	3.8%	\$ 525,000	5.0%	\$ 500,000
<b>W. Douglas Benn</b> <i>Executive Vice President and Chief Financial Officer</i>	\$ 499,500	3.0%	\$ 485,000	4.0%	\$ 466,000
<b>Debby R. Zurzolo</b> <i>Executive Vice President, General Counsel and Secretary</i>	\$ 466,500	3.1%	\$ 452,500	4.0%	\$ 435,000
<b>Max S. Byfuglin</b> <i>President, The Cheesecake Factory Bakery Incorporated</i>	\$ 412,000	3.0%	\$ 400,000	3.0%	\$ 388,000

***Annual Cash Incentive Compensation***

Annual cash incentive compensation for our executives is based on our performance against specific financial and strategic objectives, such as earnings per share, sales growth, consolidated income from operations, customer satisfaction, product development, net operating profit, cash flow, and/or market share and revenues, among others.

Each executive is assigned a minimum threshold target and maximum bonus opportunity as a percentage of base salary, and he or she may earn a bonus within that range based on the level of achievement of performance objectives. At the beginning of each fiscal year, the Compensation Committee establishes both the performance objectives and the formula for computing the performance bonus if the performance objectives are achieved within each range. Performance bonuses are payable in the first quarter of the following fiscal year, after the Compensation Committee verifies performance relative to the pre-established objectives and certifies to what extent, if any, bonuses were earned within the range between and including the minimum and the maximum bonus opportunity.

The Compensation Committee retains negative discretion with respect to payment of performance bonuses under the Company's Performance Incentive Plan and may award bonuses that are less than, and may not award performance-based bonuses under our Performance Incentive Plan that are higher than, the ranges established under the Performance Incentive Plan for the applicable fiscal year. In addition, under the terms of our Performance Incentive Plan, the amount of any individual performance bonus in any fiscal year may not exceed \$2.5 million.

*Fiscal 2014 Performance Incentive Plan Design.* For fiscal 2014, the Compensation Committee established the following minimum, threshold, target and maximum bonus opportunities by position for



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executives under our Performance Incentive Plan. Actual payouts depend upon performance results with ranges as follows:

**Incentive Bonus as % of Pro-rated Salary(4)**

<b>Name</b>	<b>Minimum</b>	<b>Threshold(1)</b>	<b>Target(2)</b>	<b>Maximum(3)</b>
Chief Executive Officer	0%	20.63%	110%	192.50%
President	0%	14.1%	75%	131.30%
Executive Vice President	0%	12.2%	65%	113.75%
Subsidiary President	0%	12.2%	65%	113.75%

- (1) The threshold award assumes the achievement of 85% of the Company-wide operating income target and none of the strategic objectives.
- (2) The target award assumes the achievement of 100% of the Company-wide operating income target and 100% of the strategic objectives.
- (3) The maximum award assumes achievement of 115% or more of the Company-wide operating income target and 100% of the strategic objectives. The bonus may not exceed \$2.5 million for any individual in any fiscal year.
- (4) Awards are calculated based upon executives' effective salary for fiscal 2014 and will reflect a prorated amount of base salary for fiscal year 2014 as a result of salary adjustments occurring prior to ninety (90) days from the commencement of the fiscal year.

Under the Performance Incentive Plan for 2014, the Compensation Committee established (1) a Company-wide target consolidated operating income objective with respect to 75% of the potential award (except for our bakery executives, whose plan is described below), with a minimum threshold requiring achievement of 85% of such objective and (2) a Company-wide threshold consolidated operating income objective of \$140 million, plus certain strategic objectives with respect to 25% of the potential award, in order to better balance the rewards for near-term financial performance with the rewards for long-term strategic growth.

The Compensation Committee also established a similar structure for the Performance Incentive Plan for 2014 for our bakery division, which plan included additional operating income and strategic objectives applicable to the bakery division, as follows:

50% of the potential award based solely upon bakery division target operating income objective;

25% based on Company-wide target consolidated operating income objective; and,

25% based on bakery division strategic objectives, if a Company-wide threshold consolidated operating income objective of \$140 million is satisfied.

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For fiscal 2014, the Compensation Committee approved the following potential payout schedules for both the Company as a whole and our bakery division:

#### *Fiscal 2014 Company Bonus Schedule (excludes Bakery).*

Company Operating Income Achievement (75% weight)	Award Payout %	Company Strategic Initiative Achievement (25% weight)(3)	Award Payout %
115%	200% (max)	100%	100% (max)
101%-114%	+ approx. 6.7% of award for 1% additional achievement(1)	1%-99%	+1% of award for 1% additional achievement(4)
100%	100% (target)	0%	0%
86%-99%	+5% of award for 1% additional achievement(2)		
85%	25% (threshold)		
<85%	0%		

- (1) For example, 101% achievement would pay out at approximately 107%; 102% achievement would pay out at approximately 113%; up to a maximum of 200% at 115% achievement.
- (2) For example, 86% achievement would pay out at 30%; 87% achievement would pay out at 35%.
- (3) Requires achievement of a Company-wide threshold consolidated operating income objective of \$140 million.
- (4) For example (assuming achievement of a Company-wide threshold consolidated operating income objective of \$140 million), 50% achievement would pay 50% of award and 85% achievement would pay 85% of award.

#### *Fiscal 2014 Bakery Bonus Schedule.*

Bakery Operating Income Achievement (50% weight)	Award Payout %	Company Operating Income Achievement (25% weight)	Award Payout %	Bakery Strategic Initiatives Achievement (25%)(3)	Award Payout %
115%	200% (max)	115%	200% (max)	100%	100% (max)
101%-114%	+ approx. 6.7% of award for 1% additional achievement(1)	101%-114%	+ approx. 6.7% of award for 1% additional achievement(1)	1%-99%	+1% of award for 1% additional achievement(4)

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100%	100% (target)	100%	100% (target)	0%	0%
86%-99%	+5% of award for 1% additional achievement(2)	86%-99%	+5% of award for 1% additional achievement(2)		
85%	25% (threshold)	85%	25% (threshold)		
<85%	0%	<85%	0%		

(1) For example, 101% achievement would pay out at approximately 107%; 102% achievement would pay out at approximately 113%; up to a maximum of 200% at 115% achievement.



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- (2) For example, 86% achievement would pay out at 30%; 87% achievement would pay out at 35%.
- (3) Requires achievement of a Company-wide threshold consolidated operating income objective of \$140 million.
- (4) For example (assuming achievement of a Company-wide threshold consolidated operating income objective), 50% achievement would pay 50% of award and 85% achievement would pay 85% of award.

*Fiscal 2014 Performance Objectives.* At the time the Compensation Committee was considering financial and strategic performance objectives for fiscal 2014, industry experts, such as Technomic, were forecasting low customer traffic growth for fiscal 2014, similar to fiscal 2013, given ongoing macroeconomic conditions, including continuing higher unemployment levels and lower consumer confidence levels than historical levels. In addition, industry experts predicted that the environment for casual dining operators would be impacted by cost inflation (i.e., specific commodity pressures then affecting the Company included increased cost for shrimp and salmon and increased costs for labor, including increases resulting from higher minimum wages) and general economic uncertainty. Given these concerns, any of which could adversely impact stockholder value, the Compensation Committee decided to continue to select operating income as the most heavily weighted performance target since operating income is a key driver of stockholder value in that it (i) affects not only earnings per share but also overall cash flow from operations, (ii) supports return on invested capital percentage rates, and (iii) is a key driver of a publicly traded restaurant company's stock multiple.

With respect to the specific operating income goals for the Company as a whole, the Compensation Committee took into consideration the operating environment for casual dining restaurant companies that was anticipated for fiscal 2014, Company specific attributes such as certain cost factors and development and growth objectives, as well as ensuring general alignment with the Company's publicly announced longer-term strategic priorities. At the time these goals were established, the Company stated that its financial objective was to deliver mid-teens earnings per share growth, on average, over the next five years. The operating income growth objectives, when combined with the targeted share repurchase program announced by the Company, was consistent with this longer-term earnings growth positioning. In addition, the operating income goals were consistent with the Company's annual operating plan approved by the Board.

Additional factors considered by management and the Compensation Committee included:

The appropriate rate of growth of our operating income,

The role of operating margin as a primary driver of value creation within the restaurant industry, due in part to the low overall sales growth, and use of a peer group relative measure to appropriately account for commodity cost movements, macro or industry wide cycles,

The importance of continuing international expansion, and

The importance of establishing a strategic sustainability program and department.

Additionally, the Compensation Committee considered factors that were important to the continued growth and success of our bakery division, including:

Appropriate growth of our bakery division's operating income,

Improving profitability of external bakery business which showcases and leverages our brands,

Improving talent and engagement in the bakery, and

Supporting international growth plans.

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Taking all of these factors into account, the Compensation Committee set the following performance objectives under the Performance Incentive Plan for fiscal 2014, which the Compensation Committee believed were appropriate, reasonably difficult to achieve and, if achieved, would be likely to deliver significant value to the Company and our stockholders:

*Targets for Participants Other than Bakery Division:*

<b>Weight</b>	<b>Financial Performance Target</b>
75%	Company consolidated operating income of \$177.15 million(1)

25% Additional strategic objectives, including:

Minimum consolidated operating income threshold of \$140 million for any strategic objectives to pay out(2).

Fiscal 2014 operating margin greater than the average of our 2014 Financial Peer Group(3).

Continued international expansion, including: successfully opening the first The Cheesecake Factory® branded restaurant in Mexico; entering into an exclusive licensing agreement for expansion of The Cheesecake Factory® branded restaurants into Asia, beginning to train management team, develop restaurant technology strategy and develop supply chain for such expansion; and complete compliance readiness assessment for expansion of The Cheesecake Factory® branded restaurants into another international market, including, investigation of tax, payroll, labor, financial reporting requirements and supply chain.

Establishment of a strategic sustainability department, including establishing a strategic roadmap, commencing implementation of first identified programs with greatest impact, and communicating sustainability vision to staff and stockholders.

(1) See "*Fiscal 2014 Performance Objectives*" for a discussion regarding the Compensation Committee's considerations when selecting this target. See "*Fiscal 2014 Company Bonus Schedule*" for award payout percentages based upon achievement of Company-wide operating income objective, with 85% threshold achievement required for payment of any award. This threshold target of Company-wide operating income objective was intended to reward substantial achievement of the Company's financial objective. If achieved, this consolidated operating income target would equal a 10.4% increase over fiscal 2013 consolidated operating income of \$160.4 million.

(2) This threshold objective was intended both to satisfy the requirements under Code Section 162(m) that performance-based compensation be paid only on account of attainment of pre-established and objective performance goals that have been approved by the stockholders and to provide a threshold target of consolidated operating income before rewarding achievement of any strategic objectives, and would equal, if achieved, approximately 87% of fiscal 2013 actual consolidated operating income and approximately 79% of 2014 consolidated operating income target.

(3) The peer group against which the Compensation Committee compared us for fiscal 2014 (the "2014 Financial Peer Group") was comprised of the following restaurant companies: Bloomin' Brands (BLMN); Darden Restaurants (DRI); Bravo Brio Restaurant Group (BBRG); BJs Restaurants (BJRI); Ruby Tuesday (RT); and Ignite Restaurant Group (IRG). In order to be in the 2014 Financial Peer Group, each company had to remain publicly traded with units that are at least 75% company-operated. The potential peer group is

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evaluated by the Compensation Committee on an annual basis. First, all publicly traded, full service restaurants were reviewed for potential inclusion as peers. Next, the group was further segmented into casual dining (including bar and grill) and upscale casual dining, but excluding companies with revenue of less than \$250 million. Finally, the Compensation Committee focused on company owned concepts (in which less than 25% of the store units are franchised). The Compensation Committee believes the 2014 Financial Peer Group is a sufficiently large sample and was the most representative competitive set for which data is regularly available.

*Targets for Bakery Division Participants (including Mr. Byfuglin):*

<b>Weight</b>	<b>Performance Target</b>
50%	Bakery division operating income of \$12 million(1)
25%	Company consolidated operating income target of \$177.15 million(2)
25%	Additional strategic objectives, including:

Minimum Company consolidated operating income threshold of \$140 million prior to any bakery strategic objectives to pay out.

Improve profitability of external business by a specified percentage as compared to fiscal 2013 while achieving a minimum 85% of a specified external sales objective which would equal a 1.5% increase over fiscal 2013

Improve employee talent and engagement by achieving key milestones: improve East Coast Bakery (ECB) engagement score by a specified number of points; improve overall engagement by a specified number of points; reduce year to date attrition for ECB by a specified number of points; create an updated wage structure model by end of 3<sup>rd</sup> quarter; and redesign and implement improved training program for all production positions by end of 3<sup>rd</sup> quarter.

Support international growth and expansion by (i) developing Standard Operating Procedures for processes supporting international compliance and product registration, including, distribution of routine status reporting for active initiatives and validating process by applying to specified international countries; and (ii) supporting the Company's international trademark strategy by executing sales of branded product in specified high priority countries.

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(1) When selecting this operating income target, the Compensation Committee considered the bakery division's role in helping the Company achieve its strategic priorities. Factors included in this consideration included, but were not limited to: the bakery division's direct support of our restaurant division (as its largest customer), the forecasted economic conditions and expected operating environment for casual dining restaurants (see "*Fiscal 2014 Performance Objectives*"), the total Company financial performance objectives and the specific rate of return targeted to be generated by the bakery division.

(2) See "*Fiscal 2014 Performance Objectives*" for a discussion regarding the Compensation Committee's considerations when selecting this target. See "*Fiscal 2014 Company Bonus Schedule*" for award payout percentages based upon achievement of Company-wide operating income objective, with 85% threshold achievement required for payment of any award. This threshold target of Company-wide operating income objective is intended to reward substantial achievement of the Company's financial objective. If achieved, this operating income target would equal a 24% increase over fiscal 2013 bakery operating

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income of \$9.7 million and would have contributed 6.8% to the Company's 2014 operating income target.

- (3) This threshold objective is intended both to satisfy the requirements under Code Section 162(m) that performance-based compensation be paid only on account of attainment of pre-established and objective performance goals that have been approved by the stockholders and to provide a threshold target of consolidated operating income intended to reward substantial achievement of the Company's financial objectives, representing approximately 87% of fiscal 2013 actual consolidated operating income and approximately 79% of 2014 consolidated operating income target.

The performance measures for fiscal 2014 were similar in nature to those for fiscal 2013 in that they included an operating income target and additional strategic initiatives as qualified by a minimum operating income target, both Company-wide and for our bakery division. The performance targets were selected from a stockholder-approved list of performance incentive targets under our Performance Incentive Plan intended to qualify for deductibility by us under Section 162(m) of the Internal Revenue Code. However, due to the complexities of Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance regarding deductibility under Section 162(m).

*Fiscal 2014 Performance Objective Achievement:* In February 2015, the Compensation Committee reviewed our performance against the Company's performance objectives for fiscal 2014 and certified that we achieved the following results:

	Target	Actual	Performance vs. target
<b>Operating Income Target (75% of award)(1):</b>			
Fiscal 2014 Company consolidated operating income	\$177.15 million	\$145.4 million	82%
<b>Strategic Initiatives (25% of award)(2):</b>			
Threshold operating income	\$140 million	\$145.4 million	100%(2)
Fiscal 2014 operating margin greater than the average of the 2014 Financial Peer Group(3)	>3.4%	7.3%(4)	Achieved
Continue our international expansion, including specific milestones for Latin America, Asia and another international market	Achieve milestones	Measured against milestones	Achieved
Establish a strategic sustainability department, including milestones: establish a strategic roadmap, and establish specific operational milestones(5)	Achieve milestones	Measured against milestones	Achieved

- (1) Achievement of the consolidated operating income objective is measured only after accruals for performance achievement awards have been made.
- (2) Payable only if consolidated operating income is at least \$140 million. Maximum payout for strategic objectives is 100% of target.
- (3) Operating Margin Compared to Average of the 2014 Financial Peer Group: See footnote (3) in "Targets for Participants Other than Bakery Division" on page 57 for a discussion as to the peers comprising the 2014 Financial Peer Group and why they were selected.
- (4) Achieved fiscal 2014 operating margin 3.9% greater than defined peer group.
- (5) For a discussion of these specific milestones, see "Targets for Participants Other than Bakery Division."

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The Compensation Committee then reviewed our bakery division's performance against its performance objectives for fiscal 2014 and certified that the bakery division achieved the following results:

	Target	Actual	Performance vs. target
<b><i>Bakery Operating Income Target (50% of award):</i></b>			
Fiscal 2014 bakery division operating income	\$12 million	\$2.8 million	23%
<b><i>Company Consolidated Operating Income (25% of award)(1):</i></b>			
Fiscal 2014 Company consolidated operating income	\$177.15 million	\$145.4 million	82%
<b><i>Additional strategic objectives (25% of award)(2):</i></b>			
Threshold Company consolidated operating income	\$140 million	\$145.4 million	100%(2)
Improve profitability of external business by a specific percentage	Specified percentage	Specified percentage not achieved	Not Achieved
Improve talent and engagement, measured against specific milestones	Against Milestones	Measured against milestones	Not Achieved
Support international growth and expansion, measured against specific milestones	Against milestones	Measured against milestones	Partially Achieved

(1) Achievement of the operating income objective is measured only after accruals for performance achievement awards have been made.

(2) Payable only if Company consolidated operating income is at least \$140 million. Maximum payout for strategic objectives is 100% of target. The Compensation Committee determined that our bakery division achieved 5% of its strategic objectives for fiscal 2014 (see table below for calculation).

The following payout percentages as a percentage of target opportunity were then calculated based on the payout schedules approved by the Compensation Committee as set forth above:

#### *Company:*

Component	% Attained	% Payout	Weighted	Actual Payout as % of Target
Consolidated Operating Income	82%	0%	75%	0%
Strategic Objectives	100%	100%	25%	25%
<b>Total Award</b>				<b>25%</b>

#### *Bakery Division:*

Component	% Attained	% Payout	Weighted	Actual Payout as % of Target
Bakery Operating Income	23%	0%	50%	0%
Consolidated Operating Income	82%	0%	25%	0%
Strategic Objectives	20%	20%	25%	5%
<b>Total Award</b>				<b>5%</b>



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As a result of the Company's fiscal 2014 performance, our Named Executive Officers received Performance Incentive Awards under our fiscal 2014 performance incentive program, as follows:

Name	Target Performance Incentive as % of Salary	Actual Payout as % of Target	Actual Payout as % of Salary*	2014 Performance Incentive Award
David Overton	110%	25%	27.5%	\$ 273,387
David Gordon	75%	25%	18.75%	\$ 97,626
W. Douglas Benn	65%	25%	16.25%	\$ 78,278
Debby R. Zurzolo	65%	25%	16.25%	\$ 73,039
Max S. Byfuglin	65%	5%	3.25%	\$ 12,933

\*

Refer to *Summary Compensation Table*.

*Fiscal 2015 Performance Incentive Plan Design.* In late fiscal 2014 and early fiscal 2015, the Compensation Committee, with the assistance of Farient Advisors, reviewed the design of our performance incentive program for fiscal 2015 under the Performance Incentive Plan and made no changes from the plan design for fiscal 2014 with respect to the potential payout schedules for fiscal 2015 for both the Company as a whole and our bakery division with the exception of adding a bakery specific threshold operating income objective for potential payout of any bakery strategic objectives. Please see page 55 of this "*Compensation Discussion and Analysis*" for applicable payout schedules.

*Performance Incentive Targets as a Percentage of Base Salary for Fiscal 2015.* As part of its competitive analysis of executive pay positioning and the design of the Performance Incentive Plan for fiscal 2015, the Compensation Committee reviewed performance targets as a percentage of base salary for each of the executive officers and made no changes from fiscal 2014. Please see above table for applicable performance targets and percentages.

*Fiscal 2015 Performance Objectives.* At the time the Compensation Committee was considering financial and strategic performance objectives for fiscal 2015, industry experts, such as Technomic, were forecasting similar modest sales growth trends for fiscal 2015 as compared to both 2014 and 2013. While consumer confidence has improved somewhat, the underlying drivers of under-employment and slow discretionary income growth has not changed significantly and continues to negatively impact the Company's assumptions around customer traffic growth and the ability to take pricing which otherwise might drive an increase in average check. Casual dining was expected to have significant cost headwinds and uncertainty in fiscal 2015, including wage increases and ongoing commodity volatility. Also, the Company was expected to continue to experience higher than historical levels for health costs, particularly resulting from continued unusually high individual claims.

Given these concerns, any of which could adversely impact stockholder value, the Compensation Committee decided to continue to select operating income as the most heavily weighted performance target. Operating income is a key driver of stockholder value in that it (i) affects not only earnings per share but also overall cash flow from operations, (ii) supports return on invested capital percentage rates, and (iii) is a key driver of a publicly traded restaurant company's stock multiple.

Additional factors considered by management and the Compensation Committee included:

The appropriate rate of growth of our operating income,

The role of operating margin as a primary driver of value creation within the restaurant industry, due in part to the low overall sales growth, and use of a peer group relative measure to appropriately account for commodity cost movements, macro or industry-wide cycles,



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The importance of continuing international expansion, of supporting the operational excellence of our licensed partners and of mitigating certain risks in specific international markets,

The importance of technology and infrastructure security and of enhancements to cyber environment risk mitigation and disaster recovery,

The importance of enhanced commodities management, and

Volatility in healthcare costs.

Additionally, the Compensation Committee considered factors that were important to the continued growth and success of our bakery division, including:

Appropriate growth of our bakery division's operating income,

Improving talent and engagement of staff members in the bakery,

Improving profitability of external bakery business which showcases and leverages our brand, and

Enhancing bakery sales and marketing strategy through improved go-to-market processes and supporting the Company's international intellectual property strategy.

Taking all of these factors into account, the Compensation Committee set the following performance objectives under the Performance Incentive Plan for fiscal 2015, which the Compensation Committee believed were appropriate, reasonably difficult to achieve and, if achieved, would likely deliver significant value to the Company and our stockholders:

*Targets for Participants Other than Bakery Division:*

<b>Weight</b>	<b>Performance Target</b>
75%	Company consolidated operating income target
25%	Additional strategic objectives, including:

Minimum target for consolidated operating income threshold prior to any strategic objectives to pay out.

Fiscal 2015 operating margin greater than the average of our 2015 Financial Peer Group(1).

Continued International expansion and operational excellence objectives, including specific milestones for Latin America, Asia and the Middle East, and establishing specific risk mitigation measures associated with international locations.

Technology and infrastructure scalability, security and disaster recovery objectives.

Commodities management objectives.

(1)

The peer group against which the Compensation Committee compared us for fiscal 2015 (the "2015 Financial Peer Group") is comprised of the following restaurant companies: Bloomin' Brands (BLMN); Darden Restaurants (DRI); Bravo Brio Restaurant Group (BBRG); BJs Restaurants (BJRI); Ruby Tuesday (RT); Ignite Restaurant Group (IRG) and Texas Roadhouse, Inc. (TXRH). Texas Roadhouse, Inc. was added for fiscal 2015 because their franchise structure changed so as to meet our criteria. In order to be in the 2015 Financial Peer Group, each company had to remain publicly traded with units that are at least 75% company-operated. The potential peer group is evaluated by the Compensation Committee on an annual basis. First, all publicly traded, full service restaurants were reviewed for potential inclusion as peers. Next, the group was further segmented into casual dining (including bar and grill) and upscale casual dining, but excluding companies with

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revenue of less than \$250 million. Finally, the Compensation Committee focused on company owned concepts (in which less than 25% of the store units are franchised). The Compensation Committee believes the 2015 Financial Peer Group is a sufficiently large sample and was the most representative competitive set for which data is regularly available.

*Targets for Bakery Division Participants (including Mr. Byfuglin):*

<b>Weight</b>	<b>Performance Target</b>
50%	Bakery division operating income target
25%	Company consolidated operating income target
25%	Additional strategic objectives, including:
	Minimum bakery operating income threshold prior to any strategic objectives pay out.
	Improve talent and engagement of staff members in the bakery, with specified operational milestones.
	Improve profitability of external bakery business by a specific percentage.
	Strengthen and streamline systematic processes and marketing strategy by specified objectives, to and support Company's international intellectual property strategy by specified objectives.

The performance measures for fiscal 2015 are similar in nature to those for fiscal 2014 in that they include an operating income target and additional strategic initiatives as qualified by a minimum operating income target, both Company-wide and for our bakery division. The performance targets were selected from a stockholder-approved list of performance incentive targets under our Performance Incentive Plan intended to qualify for deductibility by us under Section 162(m) of the Internal Revenue Code. However, due to the complexities of Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance regarding deductibility under Section 162(m).

***Equity-Based Compensation***

We believe that equity-based compensation should be a significant component of total executive compensation to align executive compensation with our long-term performance and to encourage executives to make value-enhancing decisions for the benefit of our stockholders. Each of our Named Executive Officers is eligible to receive equity compensation, which currently consists of a combination of stock options and restricted stock, to encourage a focus on long-term stockholder value and to foster long-term retention.

The Compensation Committee believes that stock options are an appropriate equity vehicle for a portion of long-term equity compensation for our executives because they provide value only if our stock price increases over time, which aligns our executives' interests with those of our stockholders. The Compensation Committee also grants restricted shares not only to align our executives' interests with those of our stockholders with respect to increases in stock value, but also to enhance executive retention since the executive will receive some economic value even if our stock price remains flat or declines (provided that the executive remains with the Company for a minimum period of time, historically starting at three years). In addition to these objectives, the combined use of stock options and restricted shares reduces our total share usage versus granting only stock options. Because we approach equity compensation grants by considering the overall value of the grant (as opposed to a focus on the number of stock options or restricted shares granted), as our stock price increases, we anticipate using fewer shares while still delivering equivalent value to our executives. All Named Executive Officer restricted share grants in 2014 included stockholder approved performance criteria as a condition for vesting. The Compensation Committee believes the inclusion of shareholder approved performance criteria as a condition of vesting

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restricted share grants appropriately balances the need for executive retention and the desire to align Named Executive Officers' compensation with achievement of performance requirements.

The Compensation Committee is responsible for approving equity grants to all staff members, including Named Executive Officers and other executives, and, in doing so, considers past grants, corporate and individual performance, the valuation of grants, and recommendations of our Chief Executive Officer. The Compensation Committee also consults with Fairient Advisors concerning equity awards for Named Executive Officers. The Compensation Committee has not established formal guidelines or performance criteria for the size of individual equity grants for our Named Executive Officers. However, the Compensation Committee considers total direct compensation market data in making such decisions. See "*Market Positioning*" above.

We also have an equity incentive program for our restaurant general managers, executive kitchen managers, area directors and area kitchen operation managers. Grants under this program provided for stock options in the past and now provide for restricted stock units ("RSUs"). The RSUs vest at the end of an initial five-year period commencing upon entry into the respective position. Additional grants of RSUs typically are given every five years thereafter, vesting over a three-year to five-year period, while the individual continues to serve in our management program. We believe that making these awards at the restaurant management level encourages our managers to think and act as business owners, assists in long-term retention of restaurant management, and aligns our managers' interests with those of our stockholders.

The exercise price of stock options is the closing price of our stock on the grant date, which is also used to calculate the grant date fair value of shares of restricted stock and restricted stock units. We do not time our release of material non-public information for the purpose of affecting the value of our executives' compensation, nor do we time our grants of equity-based compensation to take advantage of material non-public information. Our equity grant procedures are available on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance." The contents of our website are not incorporated by reference into this document. While our equity plan allows awards to be made on a more frequent basis, our Compensation Committee generally has made grants to our corporate executives, including our Named Executive Officers, on an annual basis, except in the case of newly hired executives, mid-year promotions or other extraordinary events. We believe that making awards on an annual basis enables the Compensation Committee to evaluate individual and corporate performance over a reasonable period of time and to adjust the size and terms of the equity grants accordingly.

*Equity Grants in 2014.* Following its historical practices and as part of its annual review of executive compensation, in March, 2014, the Compensation Committee approved grants of stock options and restricted shares as set forth below to our Named Executive Officers in recognition of their performance during fiscal 2013 and expected future contributions, and to target competitive compensation levels appropriate to the executive's tenure in his or her role:

Name	Number of Stock Options	Number of Restricted Shares
David Overton	145,000	37,000
David Gordon	25,000	8,000
W. Douglas Benn	15,000	5,500
Debby R. Zurzolo	14,000	4,500
Max S. Byfuglin	13,000	4,000

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The stock options were granted at an exercise price of \$48.19 per share, the fair market value of our common stock on the date of grant. The options vest at a rate of 20% per year over five years, expire in eight years and may accelerate upon a change in control of the Company, as defined in the 2010 Stock Plan, subject to the terms of each Named Executive Officer's employment agreement with the Company. The restrictions on the restricted shares lapse at a rate of 60% on the third anniversary of the grant date and 20% on each of the fourth and fifth anniversaries of the grant date, and such restrictions also lapse upon a change in control as defined in the 2010 Stock Plan, subject to the terms of each Named Executive Officer's employment agreement with the Company.

Restricted shares of the Company's common stock granted in fiscal 2014 were subject to achievement of a performance condition approved by stockholders under the 2010 Stock Plan, which condition provides that vesting of the award is subject to the Company's diluted earnings per share being equal to or greater than (i) a combined, cumulative target for 2014 and 2015, or (ii) a combined, cumulative target for 2014, 2015 and 2016, whichever occurs earlier. If the performance condition is satisfied, the grants then would be subject to time based vesting at the rate of 60% of the shares on March 6, 2017 and 20% of the shares on each of March 6, 2018 and March 6, 2019.

Restricted shares of the Company's common stock granted to Mr. Overton in fiscal 2013 were subject to achievement of a performance condition approved by stockholders under the 2010 Stock Plan, which condition provided that vesting of the award was subject to the Company's diluted earnings per share being equal to or greater than (i) a combined, cumulative target for 2013 and 2014 of \$3.75, or (ii) a combined, cumulative target for 2013, 2014 and 2015, whichever occurs earlier. Since the Company achieved the 2013 and 2014 cumulative target, the performance condition was satisfied and the grants are now only subject to time-based vesting at the rate of 60% of the shares on March 7, 2016 and 20% of the shares on each of March 7, 2017 and March 7, 2018.

*Equity Grants in 2015.* Following its historical practices and as part of its annual review of executive compensation, in March 2015, the Compensation Committee approved grants of stock options and restricted shares as set forth below to our Named Executive Officers in recognition of their performance during fiscal 2014 and expected future contributions, and to target competitive compensation levels appropriate to such executive's tenure in his or her role:

Name	Number of Stock Options	Number of Restricted Shares
David Overton	135,000	35,000
David Gordon	25,500	7,700
W. Douglas Benn	14,500	5,200
Debby R. Zurzolo	13,000	4,400
Max S. Byfuglin	12,000	3,800

The stock options were granted at an exercise price of \$48.01 per share, the fair market value of our common stock on the date of grant. The options vest at a rate of 20% per year over five years, expire in eight years, and accelerate upon a change in control of the Company, as defined in the 2010 Stock Plan, subject to the terms of each Named Executive Officer's employment agreement with the Company. Restricted shares of the Company's common stock were granted subject to achievement of a performance condition approved by stockholders under the 2010 Stock Plan, which condition provides that vesting of the award is subject to the Company's diluted earnings per share being equal to or greater than (i) a combined, cumulative target for 2015 and 2016, or (ii) a combined, cumulative target for 2015, 2016 and 2017, whichever occurs earlier. If the performance condition is satisfied, the grants then would be subject to time based vesting at the rate of 60% of the shares on March 5, 2018 and 20% of the shares on each of March 5, 2019 and March 5, 2020.

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***Retirement Plans***

***Nonqualified Deferred Compensation.*** In fiscal 1999, we established The Cheesecake Factory Executive Savings Plan ("Executive Savings Plan"), a nonqualified deferred compensation plan, in order to provide a tax-deferred savings vehicle for our "highly compensated" executives (as defined in the Executive Savings Plan), as well as our non-employee directors. At the end of fiscal 2014, over 585 staff members including our Named Executive Officers, other executives, restaurant general managers and executive kitchen managers, and all our non-employee directors, were eligible to participate in the Executive Savings Plan and continue to be eligible in fiscal 2015. At the end of fiscal 2014, all of our Named Executive Officers, approximately 390 other staff members and one non-employee director maintained account balances in the Executive Savings Plan. Additional information regarding this plan appears in this Proxy Statement in the section entitled "*Nonqualified Deferred Compensation.*"

The Executive Savings Plan permits us to match a portion of participants' contributions with Company contributions, on a pre-tax basis to participants (other than non-employee directors). Since inception, we made a partial matching contribution to the Executive Savings Plan, except during the period of May, 2009 through October, 2011, when the Company match was suspended. We currently match twenty-five percent of the first four percent of salary or bonus deferred.

***Pension Benefits.*** We do not maintain a pension plan for executives or staff members. However, in order to continue to retain Mr. Overton's services as our Chief Executive Officer and in recognition of his unique contributions as our founder, the Compensation Committee agreed to include a "Founder's Retirement Benefit" as part of Mr. Overton's employment agreement (which was effective June 30, 2009) pursuant to which Mr. Overton is entitled to the annual amount of \$650,000 for a period of ten years following his separation from service for any reason, payable in equal monthly installments, as further described in the employment agreement. The Founder's Retirement Benefit replaces an earlier benefit provided under Mr. Overton's 2004 employment agreement and is payable to Mr. Overton during his lifetime or to his designated beneficiary in the event of his death. Our obligation with respect to the Founder's Retirement Benefit is unfunded and unsecured, and is payable from our general, unrestricted assets. For additional information concerning Mr. Overton's employment agreement, see the section in this Proxy Statement entitled "*Employment Agreements,*" which also describes amounts payable upon termination of employment or change in control.

***Other Benefits and Perquisites***

All of our executives are eligible to participate in our broad-based benefit programs, which include medical, dental, vision, life insurance and long-term disability programs, as well as paid vacation. We provide group term life insurance to our executives, including each of our Named Executive Officers, as well as all other salaried staff members, at the lesser of one times base salary or \$750,000. The life insurance benefit is reduced to 65% of base salary at age 65 and 50% of base salary at age 70, with a limit of \$750,000. The IRS requires that the portion of the value of such a policy exceeding \$50,000 be deemed imputed income to the staff member and provides a formula by which the imputed income is calculated.

We also provide limited perquisites to our executives, including Named Executive Officers, that vary based on the executive's level. The perquisites include:

*The choice of a company-leased vehicle or automobile allowance.* This program is also offered to certain other executives, including Restaurant General Managers, Area Directors of Operations, Area Kitchen Operations Managers, and selected additional management positions. Each individual participating in our leased car program is assigned imputed income, according to IRS regulations, for his or her personal use of the automobile or is provided with an automobile allowance. The type of vehicle and amount of allowance varies with the executive's level in the Company.

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*A company-paid executive physical every two years.* This program is offered to staff members at the level of Senior Vice President and above.

*Relocation expenses.* Relocation expenses are reimbursed in accordance with the terms of any employment agreement or as determined on a case-by-case basis.

*Sabbatical Leave Pilot Program.* Beginning in 2015, we are piloting a new Sabbatical Leave program, which will be available to active, full-time, salaried corporate staff members. Eligible staff members, including all of our executives, may request a paid sabbatical, not to exceed three weeks in duration, only after five years of service and each five years' thereafter.

We believe that these perquisites enhance our ability to attract and retain high-quality talent at a modest cost relative to the benefit we receive from providing these perquisites. The amounts we paid related to perquisites provided to our Named Executive Officers in fiscal 2014 are disclosed in the section entitled *Summary Compensation Table* and the accompanying footnotes in this Proxy Statement.

**Termination of Employment or a Change in Control**

The Compensation Committee believes that a change in control transaction would create uncertainty regarding the continued employment of our executives. This is because many change in control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage our executives to remain employed with us during an important time when their continued employment in connection with or following a transaction is often uncertain, and to help keep our executives focused on our business rather than on their personal financial security, we believe that providing certain of our executives with severance benefits upon certain terminations of employment following an actual or potential change in control transaction is in the best interests of our Company and our stockholders.

The severance benefits following a change in control provided for our Named Executive Officers were determined by the Compensation Committee based on its judgment of prevailing market practices at the time we entered into each employment agreement. At present, we have employment agreements with all of our Named Executive Officers which detail their eligibility for payments under various termination scenarios following an actual or potential change in control transaction. Mr. Overton's latest employment agreement, effective June 30, 2009, as amended, eliminated specific change in control provisions and provided for certain payments to him in the event of his separation from service for any reason other than for cause, as discussed in his employment agreement. For detailed information concerning the agreements for our Named Executive Officers, see the section entitled "*Potential Payments upon Termination or Change in Control*" in this Proxy Statement. In addition, certain equity grants made to Named Executive Officers provide for vesting of stock options and elimination of restrictions on restricted shares upon a change in control, as defined in the applicable plan under which the equity was granted, subject to the terms and conditions of each executive's employment agreement.

The Company also maintains a Senior Executives' Severance Benefits Plan, providing for the payment of certain benefits to senior executives that are not Named Executive Officers if such senior executives are involuntarily separated from employment, including, in connection with a change in control.

**Other Considerations**

*Impact of Accounting and Tax Treatments on Compensation.* Accounting and tax considerations play an important role in the design of our executive compensation program. Accounting rules, such as Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, require us to expense the estimated fair market value of our stock based compensation, which reduces the amount of our reported profits. The Compensation Committee considers the amount of this expense and the financial impact to us in determining the amount of equity compensation awards.

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In addition and as also discussed in Proposals 2 and 3 above, Section 162(m) of the Internal Revenue Code and the regulations promulgated thereunder limit the allowable Company deduction for compensation paid to no more than \$1 million per taxable year, subject to specified exceptions, with respect to any employee, who as of the close of the taxable year is a "Covered Employee" as defined under Code Section 162(m). Certain compensation is exempt from this deduction limitation, including certain performance-based compensation, if it is paid under a plan, the material performance terms of which are approved by stockholders at least once every five years, and the plan is administered by a committee of independent directors. We believe that performance achievement bonuses payable for fiscal 2014 under our Performance Incentive Plan and performance-based equity awards issued under the 2010 Stock Plan may qualify for deductibility under Code Section 162(m) under such exception.

In light of Code Section 162(m), the Compensation Committee may modify, where reasonably necessary, our executive compensation program to maximize the tax deductibility of compensation paid to Covered Employees. At the same time, the Compensation Committee also believes that the overall performance of our executives cannot in all cases be reduced to a fixed formula and that the prudent use of discretion in determining the form and amount of compensation is in our best interests and those of our stockholders. Under some circumstances, the Compensation Committee's use of discretion in determining appropriate amounts and components of compensation may result in compensation that may not be fully deductible to us under Code Section 162(m). In fiscal 2014, all compensation paid by the Company to Covered Employees was intended to qualify for deductibility by us under Code Section 162(m). For fiscal 2015, all new restricted stock grants to Covered Employees are intended to qualify as performance-based compensation thereby enabling deductibility by us under Code Section 162(m). Certain restricted stock awards made in prior years for which vesting was predicated on time based vesting conditions may not qualify for deductibility under Code Section 162(m) due to the increase in our stock price by the date the vesting restrictions lapse. Due to the complexities of Code Section 162(m) and technical requirements related thereto that may change from time to time, we can provide no assurance regarding deductibility of such compensation under Code Section 162(m).

In addition, Code Section 409A limits flexibility with respect to the time and form of payment of nonqualified deferred compensation. If a payment or award is subject to Code Section 409A but does not meet the requirements that exempt such amounts from taxation under that section, the recipient is subject to (i) income tax at the time the payment or award is not subject to a substantial risk of forfeiture, (ii) an additional 20% federal tax at that time, (iii) plus possible interest and penalties, and (iv) possible additional state taxes. While Code Section 409A is also very complex and we cannot guaranty compliance with all of its requirements, we have made modifications to our plans and arrangements such that payments or awards under those arrangements either are intended not to constitute "deferred compensation" for Code Section 409A purposes (and will thereby be exempt from the requirements of Code Section 409A) or, if they constitute "deferred compensation," are intended to comply with the Code Section 409A statutory provisions and final regulations.

*Risk Considerations.* The Compensation Committee reviews the Company's employee compensation policies and practices, including those for non-executive officers, on an annual basis to assess how those policies and practices may affect risk taking by employees. During its review in fiscal 2014, the Compensation Committee determined that the Company's compensation programs are appropriately weighted toward long-term incentives and include policies designed to deter undue risk taking by employees. These policies include the Clawback Policy, stock retention and ownership policies, and policies against short sales and hedging, as discussed below.

*Clawback Policy.* In fiscal 2008, we adopted a policy ("Clawback Policy") that requires certain of our executives to agree in writing to repay all or a portion of any bonus, to the extent permitted by law and deemed appropriate by the Audit Committee, when we are required by applicable law or applicable accounting or auditing principles to restate our financial statements to correct an accounting error in any interim or annual financial statement filed with the SEC as a result of material noncompliance with



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applicable financial reporting requirements, and the bonus was directly based on those financial statements. The Board has determined that executives in the following positions are subject to this policy:

Chief Executive Officer

President

Chief Financial Officer

President, The Cheesecake Factory Bakery Incorporated

Executive Vice President, General Counsel and Secretary

Senior Vice President of Finance and Corporate Controller

Vice President, Internal Audit

The Board believes that executives who are responsible for material noncompliance with applicable financial reporting requirements resulting in accounting errors leading to financial statement restatements should not benefit monetarily from such noncompliance. This Clawback Policy was adopted to permit the Audit Committee of our Board to use appropriate discretion to recapture monetary awards of bonus compensation paid to executives in the designated positions who may bear responsibility for such noncompliance. In determining the portion of any bonus required to be repaid, the Audit Committee may take into account those matters it deems appropriate in its sole discretion, including whether the executive engaged in any fraud, negligence or misconduct that contributed to the need for the restatement and the amount of the bonus, if any, that would have been awarded to the executive had the financial results been properly reported. In addition, the Company may dismiss the executive (subject to the terms of any employment agreement), authorize legal action, or take other actions to enforce the executive's agreement as the Audit Committee may deem appropriate and advisable in view of all of the circumstances at that time. In addition, our Performance Incentive Plan specifically subjects bonuses awarded under such plan to the Clawback Policy. Also, our 2010 Stock Plan provides that the Compensation Committee may cause the cancellation of any award, require reimbursement of any award and effect any other right of recoupment of equity or other compensation provided under such plan or otherwise in accordance with Company policies and/or applicable law, in each case in accordance with the Clawback Policy in effect as of the date of grant for a particular award. In addition, the Compensation Committee may require repayment of other previously paid compensation, whether provided under such plan or an award agreement or otherwise, in accordance with such Clawback Policy. We believe that our Clawback Policy diminishes the likelihood that our executives will take actions that could result in material excessive risk to us. In fiscal 2014, we had no financial statement corrections requiring restatements and neither the Audit Committee nor the Compensation Committee has needed to consider taking any action under the Clawback Policy. A copy of the Clawback policy is available on our website at [investors.thecheesecakefactory.com](http://investors.thecheesecakefactory.com), by clicking on the link for "Corporate Governance."

*Stock Ownership Requirements.* We have stock ownership requirements for our Named Executive Officers and other executives based upon their position in the Company, requiring such executives to own a specified value of our common stock based upon a multiple of their respective base salaries. See "*Director and Executive Officer Stock Ownership Guidelines, Holding Periods and Other Requirements*" in this Proxy Statement for the material terms of our stock ownership and retention policies. We believe that stock ownership requirements further align our executives' interests with those of our stockholders. In addition to our stock ownership requirements, certain option grants awarded to executive officers after June 4, 2008 and prior to August 2, 2012 contain a holdback provision such that 33% of the net shares acquired upon exercise of the stock option (net of the tax impact that the exercise has on the individual) must be held for at least nine months following the date of exercise. In light of the adoption of our executive stock ownership requirements, we eliminated the holdback requirement for option grants made

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to Named Executive Officers on or after August 2, 2012. As of the end of our 2014 fiscal year, all of our Named Executives Officers were in compliance with our stock ownership and retention policies.

*Policy Regarding Hedging and Use of Shares as Collateral.* We have a policy prohibiting our Board, officers and other employees from trading in any interest or position relating to the future price of our securities, such as a put, call or short sale, or using our stock as collateral for margin loans. The Board believes it is inappropriate for our executives or non-employee directors to take personal financial positions that may inadvertently or, in some cases overtly, influence their deliberations or decisions concerning the best and proper course of action for us to take or bring into question the propriety of any deliberations or decisions made with respect to us. By prohibiting these types of speculative trading in or encumbering of our stock in margin loans, the Board seeks to discourage those types of behaviors. In addition, other types of collateralization of our stock by executives or non-employee directors require advance approval and satisfaction of specified criteria under our policies.

**Compensation Committee Report**

*The following Compensation Committee report does not constitute soliciting material and is not deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Compensation Committee report by reference thereto.*

The Compensation Committee has reviewed the Compensation Discussion and Analysis and has discussed its content with management. Based on this review and our discussions with management, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and be incorporated by reference in the Company's Annual Report on Form 10-K.

Dated: March 5, 2015

Respectfully submitted,

Alexander L. Cappello, Chairman  
Jerome I. Kransdorf  
Laurence B. Mindel  
Herbert Simon

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The following table sets forth summary compensation information with respect to our Named Executive Officers for the fiscal year ended December 30, 2014.

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Salary \$</b>	<b>Stock Awards \$(1)</b>	<b>Option Awards \$(1)</b>	<b>Non-Equity Incentive Plan Compensation \$</b>	<b>All Other Compensation \$(2)</b>	<b>Total \$</b>
<b>David Overton</b> <i>Chairman of the Board and Chief Executive Officer</i>	2014	994,135	1,783,030	2,235,900	273,387	107,824	5,394,276
	2013	984,973	1,602,900	1,895,250	800,157	84,830	5,368,110
	2012	960,000	1,318,050	2,043,162	1,056,000	9,134	5,386,746
<b>David M. Gordon</b> <i>President(3), The Cheesecake Factory Incorporated</i>	2014	520,673	385,520	385,500	97,626	47,701	1,437,020
	2013	490,316	320,580	270,750	293,607	38,710	1,413,963
	2012						
<b>W. Douglas Benn</b> <i>Executive Vice President and Chief Financial Officer</i>	2014	481,712	265,045	231,300	78,278	30,179	1,086,514
	2013	462,984	249,340	194,940	244,461	30,973	1,182,698
	2012	448,000	219,675	222,344	320,320	19,038	1,229,377
<b>Debby R. Zurzolo</b> <i>Executive Vice President, General Counsel and Secretary</i>	2014	449,471	216,855	215,880	73,039	32,273	987,518
	2013	432,151	213,720	173,280	228,181	31,389	1,078,721
	2012	418,000	190,385	180,279	298,870	27,151	1,114,685
<b>Max S. Byfuglin</b> <i>President, The Cheesecake Factory Bakery Incorporated</i>	2014	397,923	192,760	200,460	12,933	34,767	838,843
	2013	385,486	213,720	157,035	100,130	34,603	890,974
	2012	373,000	190,385	180,279	254,573	25,592	1,023,829

(1) Amounts shown do not reflect compensation actually received or that may be realized in the future by the Named Executive Officer. In accordance with SEC regulations, these amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for stock and option awards made in the referenced fiscal year. Restricted stock and stock option awards are subject to vesting requirements. See Note 11 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 30, 2014 for information regarding the valuation of equity awards.

(2) "All other compensation" for fiscal 2014 includes the following:

<b>Name</b>	<b>Automobile Program \$(a)</b>	<b>ESP Company Match \$(b)</b>	<b>Dividends Paid or Accrued on Unvested Restricted Stock \$(c)</b>	<b>Life Insurance \$(d)</b>	<b>Executive Physical Exam \$(e)</b>	<b>Total (\$)</b>
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Mr. Overton	21,547		79,610	6,667		107,824
Mr. Gordon	19,217	8,466	16,326	1,242	2,450	47,701
Mr. Benn	5,211	7,437	14,236	3,295		30,179
Ms. Zurzolo	10,800	6,940	12,546	1,987		32,273
Mr. Byfuglin	14,400	4,974	12,311	3,082		34,767

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- (a) *Automobile Program:* Each Named Executive Officer has the choice of a company-leased vehicle or automobile allowance. We assign imputed income, according to IRS regulations, for personal use of a company-leased vehicle.

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- (b) *Executive Savings Plan Matching Contributions:* Each of our Named Executive Officers is eligible to participate in our Executive Savings Plan, a nonqualified, deferred compensation plan. Additional information regarding this plan appears in this Proxy Statement in the section entitled "*Nonqualified Deferred Compensation.*"
- (c) *Dividends on Unvested Restricted Stock:* Under the terms of our 2000 Omnibus Performance Stock Incentive Plan ("2000 Plan") and the 2001 Omnibus Stock Incentive Plan ("2001 Plan"), holders of shares of unvested restricted stock have the same dividend rights as our other stockholders and are entitled to dividends on all shares of restricted stock held by them, whether vested or unvested. In contrast, our 2010 Stock Plan provides that while holders of restricted stock granted under the 2010 Stock Plan have the same dividend rights as our other stockholders, any dividends received on shares of unvested restricted stock granted under the 2010 Stock Plan are subject to the same vesting conditions and restrictions as the underlying shares with respect to which the dividends relate. The amounts shown in this column reflect both cash dividends paid to the Named Executive Officers with respect to unvested shares of restricted stock granted under the 2000 and 2001 Plans and our accrual of dividends with respect to unvested shares of restricted stock granted under the 2010 Stock Plan.
- (d) *Life Insurance:* We provide group term life insurance to each of our Named Executive Officers on the same terms as all other salaried employees, at the lesser of one times base salary or \$750,000. The life insurance benefit is reduced to 65% of base salary at age 65 and 50% of base salary at age 70, with a limit of \$750,000. The IRS requires that the portion of the value of the policy exceeding \$50,000 be deemed imputed income to the staff member.
- (e) *Executive Physical Exam:* Each of our Named Executive Officers is eligible for a company-paid executive physical examination every two years.
- (3) David M. Gordon was appointed President of the Company effective February 18, 2013.

For a description of actions taken by the Compensation Committee with respect to base salaries of our Named Executive Officers for fiscal 2015, please see "*Base Salary*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement.

For a description of the material terms of the Named Executive Officers' employment agreements, see the section entitled "*Employment Agreements*" in this Proxy Statement. For a description of our Non-Equity Incentive Plan Compensation, see the section entitled "*Annual Cash Incentive Compensation*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement.

For a description of our Performance Incentive Plan and the Compensation Committee's determination of awards under this plan for our Named Executive Officers for fiscal 2014, please see "*Fiscal 2014 Performance Incentive Plan*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement. For the vesting schedules of outstanding options and restricted stock, please see "*Outstanding Equity Awards*" in this Proxy Statement.

**Pension Benefits**

The Named Executive Officers did not receive any benefits from the Company under defined pension or defined contribution plans during the fiscal year ended December 30, 2014. None of our Named Executive Officers are currently eligible to participate in our tax-qualified 401(k) plan. However, Mr. Overton is entitled to the Founder's Retirement Benefit described in the "*Retirement Plans*" Section of this Proxy Statement, under "*Pension Benefits.*"

Table of Contents**Nonqualified Deferred Compensation**

We adopted The Cheesecake Factory Incorporated Executive Savings Plan ("Executive Savings Plan") in order to provide a tax-deferred savings vehicle to help us attract, retain and motivate executives with the essential qualifications to manage our Company successfully. The Executive Savings Plan is a nonqualified deferred compensation plan for our non-employee directors and for our highly compensated executives (as defined in the Executive Savings Plan) who are otherwise ineligible to participate in our qualified defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The Executive Savings Plan allows our employee-participants to defer the receipt of up to 25% of their base salaries and up to 100% of their eligible bonuses and allows our independent directors to defer up to 100% of their director fees.

Under the Executive Savings Plan, we currently provide a matching contribution at a rate of 25% of the first 4% of base salary and bonus deferred under the plan. We do not provide a match for deferrals by non-employee directors. Our matching contributions vest 25% per year after the staff member's second year of participation in the Executive Savings Plan, such that staff members with five years of service with us would be 100% vested in our matching contributions. All of our Named Executive Officers' are currently 100% vested in our matching contribution. Staff member deferrals and our matching contribution, if any, are deposited into a "rabbi" trust established by us, and the funds are generally invested in individual variable life insurance contracts owned by us, which are specifically designed to informally fund savings plans of this nature. The following table shows the compensation earned in fiscal 2014 that was deferred into the Executive Savings Plan by each Named Executive Officer during fiscal 2014:

Name	Executive Contributions in Fiscal 2014 \$(1)	Company Contributions in Fiscal 2014 \$(2)	Aggregate Earnings/(Losses) in Fiscal 2014 \$	Aggregate Withdrawals or Distributions	Aggregate Balance at December 30, 2014
				in Fiscal 2014 \$	2014 \$
David Overton	-	-	19,633	-	158,505
David M. Gordon	83,659	8,466	26,942	-	531,767
W. Douglas Benn	337,708	7,437	136,093	-	2,005,656
Debby R. Zurzolo	80,814	6,940	19,932	-	546,196
Max S. Byfluglin	49,736	4,974	25,823	-	1,295,963

(1) These amounts are reported as compensation earned by the Named Executive Officers in the Summary Compensation Table. The "Executive Contributions" total is included in the "Salary" or "Non-Equity Incentive Plan Compensation" column of the *Summary Compensation Table*, depending on the source of the deferral for each executive.

(2) These amounts are reported as "other" compensation earned by the Named Executive Officers. Please see footnote 2 to the *Summary Compensation Table*.

Table of Contents**Grants of Plan-Based Awards in Fiscal 2014**

The following table shows all restricted shares and stock options to acquire shares of our common stock granted to Named Executive Officers under the 2010 Stock Plan during fiscal 2014, as well as the range of potential non-equity performance incentive awards that were achievable in fiscal 2014 under our Performance Incentive Plan.

Name	Non-Equity Incentive Plan Awards for Fiscal 2014(1)				Restricted Stock and Option Awards			
	Grant Date	Threshold \$(2)	Target \$(3)	Maximum \$	All Other Restricted Stock Awards: Number of Shares of Stock or Units #(4)	All Other Stock Option Awards: Number of Securities Underlying Options #(4)	Exercise or Base Price of Stock Option Awards \$/Sh	Grant Date Fair Value of Restricted Stock and Option Awards \$(5)
David Overton	-	\$ 205,090	\$ 1,093,549	\$ 1,913,710	-	-	-	-
	3/6/2014	-	-	-	37,000	-	-	\$ 1,783,030
	3/6/2014	-	-	-	-	145,000	\$ 48.19	\$ 2,235,900
David M. Gordon	-	\$ 73,207	\$ 390,505	\$ 683,383	-	-	-	-
	3/6/2014	-	-	-	8,000	-	-	\$ 385,520
	3/6/2014	-	-	-	-	25,000	\$ 48.19	\$ 385,500
W. Douglas Benn	-	\$ 58,721	\$ 313,113	\$ 547,947	-	-	-	-
	3/6/2014	-	-	-	5,500	-	-	\$ 265,045
	3/6/2014	-	-	-	-	15,000	\$ 48.19	\$ 231,300
Debby R. Zurzolo	-	\$ 54,791	\$ 292,156	\$ 511,273	-	-	-	-
	3/6/2014	-	-	-	4,500	-	-	\$ 216,855
	3/6/2014	-	-	-	-	14,000	\$ 48.19	\$ 215,880
Max S. Byfuglin	-	\$ 48,507	\$ 258,650	\$ 452,637	-	-	-	-
	3/6/2014	-	-	-	4,000	-	-	\$ 192,760
	3/6/2014	-	-	-	-	13,000	\$ 48.19	\$ 200,460

(1) For actual amounts paid under the Performance Incentive Plan for fiscal 2014, see the column entitled "Non-Equity Incentive Plan Compensation" in the *Summary Compensation Table* included in this Proxy Statement. For more information on our annual performance bonus program under the Performance Incentive Plan for fiscal 2014, see the section entitled "Annual Incentive Compensation" in the "Compensation Discussion and Analysis" section of this Proxy Statement. The maximum performance incentive award payable to any one executive under the Performance Incentive Plan is \$2.5 million.

(2)

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Based on minimum achievement of the Company consolidated operating income objective only. For information regarding this performance objective, see the section entitled "*Annual Incentive Compensation*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement.

- (3) Target awards are a percentage of base salary for fiscal 2014, as follows: 110% for Mr. Overton; 75% for Mr. Gordon; and 65% for each of the other Named Executive Officers.
- (4) All restricted stock grants shown vest at a rate of 60% on the third anniversary of the date of grant and 20% on each of the fourth and fifth anniversaries of the date of grant. In addition, restricted shares granted to our Named Executive Officers in 2014 included an additional performance target. All stock options shown vest at a rate of 20% per year, commencing on the first anniversary date of the grant date, and expire eight years from the grant date.
- (5) The grant date fair value was computed in accordance with the provisions of FASB ASC Topic 718. Amounts shown do not reflect compensation actually received or that may be realized in the future by the Named Executive Officer. See Note 11 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 30, 2014 for information regarding the valuation of equity awards.



Table of Contents**Outstanding Equity Awards**

The following table shows all outstanding stock options and restricted shares held by the Named Executive Officers as of December 30, 2014, the last day of fiscal 2014.

Name	Stock Option Awards				Restricted Share Awards	
	Number of Securities Underlying Unexercised Options #	Number of Securities Underlying Unexercised Options #	Option Exercise Price \$	Option Expiration Date	Number of Shares or Units of Stock That Have Not Yet Vested # (2)	Market Value of Shares or Units of Stock That Have Not Vested \$ (3)
David Overton(4)	100,000	-	25.10	1/4/17	-	-
	50,000	-	25.10	1/4/17	-	-
	100,000	-	21.17	1/3/18	-	-
	100,000	-	16.48	5/7/17	-	-
	160,000	40,000(4a)	21.42	1/7/18	-	-
	60,000	40,000(4b)	31.10	1/6/19	-	-
	68,000	102,000(4c)	29.29	1/5/20	-	-
	35,000	140,000(4d)	35.62	3/7/21	-	-
	-	145,000(4e)	48.19	3/6/22	-	-
	-	-	-	-	12,000	\$ 606,600
	-	-	-	-	45,000	\$ 2,274,750
-	-	-	-	45,000	\$ 2,274,750	
-	-	-	-	37,000	\$ 1,870,350	
David M. Gordon(5)	8,000	-	35.84	1/20/16	-	-
	2,000	-	21.17	1/3/18	-	-
	-	3,000(5a)	9.20	2/5/17	-	-
	4,000	2,000(5b)	24.69	3/4/18	-	-
	9,000	6,000(5c)	31.10	1/6/19	-	-
	7,400	11,100(5d)	29.29	1/5/20	-	-
	5,000	20,000(5e)	35.62	3/7/21	-	-
	-	25,000(5f)	48.19	3/6/22	-	-
	-	-	-	-	1,500	\$ 75,825
	-	-	-	-	2,600	\$ 131,430
	-	-	-	-	7,500	\$ 379,125
-	-	-	-	9,000	\$ 454,950	
-	-	-	-	8,000	\$ 404,400	
W. Douglas Benn(6)	90,000	-	9.20	2/5/17	-	-
	12,000	3,000(6a)	21.42	1/7/18	-	-
	9,000	6,000(6b)	31.10	1/6/19	-	-
	7,400	11,100(6c)	29.29	1/5/20	-	-
	3,600	14,400(6d)	35.62	3/7/21	-	-
	-	15,000(6e)	48.19	3/6/22	-	-
	-	-	-	-	2,000	\$ 101,100
	-	-	-	-	2,600	\$ 131,430
	-	-	-	-	7,500	\$ 379,125
	-	-	-	-	7,000	\$ 353,850
	-	-	-	-	5,500	\$ 278,025
Debby R. Zurzolo(7)	25,000	-	36.87	1/4/16	-	-
	25,000	-	21.17	1/3/18	-	-
	15,000	-	9.20	2/5/17	-	-
	12,000	3,000(7a)	21.42	1/7/18	-	-
	9,000	6,000(7b)	31.10	1/6/19	-	-
	6,000	9,000(7c)	29.29	1/5/20	-	-
	-	-	-	-	-	-

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	3,200	12,800(7d)	35.62	3/7/21	-	-
	-	14,000(7e)	48.19	3/6/22	-	-
	-	-	-	-	2,000	\$ 101,100
	-	-	-	-	2,600	\$ 131,430
	-	-	-	-	6,500	\$ 328,575
	-	-	-	-	6,000	\$ 303,300
	-	-	-	-	4,500	\$ 227,475
<b>Max S. Byfuglin(8)</b>	<b>10,000</b>	<b>-</b>	<b>38.24</b>	<b>2/6/16</b>	<b>-</b>	<b>-</b>
	-	3,000(8a)	21.42	1/7/18	-	-
	9,000	6,000(8b)	31.10	1/6/19	-	-
	6,000	9,000(8c)	29.29	1/5/20	-	-
	2,900	11,600(8d)	35.62	3/7/21	-	-
	-	13,000(8e)	48.19	3/6/22	-	-
	-	-	-	-	2,000	\$ 101,100
	-	-	-	-	2,600	\$ 131,430
	-	-	-	-	6,500	\$ 328,575
	-	-	-	-	6,000	\$ 303,300
	-	-	-	-	4,000	\$ 202,200

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- (1) All options listed above vest at a rate of 20% per year, with the exception of a portion of the stock options granted to Mr. Overton in fiscal 2007, which vested at a rate of 33<sup>1</sup>/<sub>3</sub>% per year as to 50,000 shares.
- (2) Restricted shares listed above vest 60% on the third anniversary of the date of grant and 20% on each of the fourth and fifth anniversaries of the date of grant.
- (3) These amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for stock and option awards made in the referenced fiscal year.
- (4) The vesting dates of options held by Mr. Overton that were not exercisable as of our fiscal 2014 year-end are as follows: (a) 40,000 options vested on 1/7/15; (b) 20,000 options vested on 1/6/15 and 20,000 options will vest on 1/6/16; (c) 34,000 options vested on 1/5/15 and 34,000 options will vest on each of 1/5/16 and 1/5/17; (d) 35,000 options vested on 3/7/15 and 35,000 options will vest on each of 3/7/16, 3/7/17 and 3/7/18; and (e) 29,000 options vested on 3/6/15 and 29,000 options will vest on each of 3/6/16, 3/6/17, 3/6/18 and 3/6/19.
- (5) The vesting dates of options held by Mr. Gordon that were not exercisable as of our fiscal 2014 year-end are as follows: (a) 3,000 options vested on 2/5/15; (b) 2,000 options vested on 3/4/15; (c) 3,000 options vested on 1/6/15 and 3,000 options will vest on 1/6/16; (d) 3,700 options vested on 1/5/15 and 3,700 options will vest on 1/5/16 and 1/5/17; (e) 5,000 options vested on 3/7/15 and 5,000 options will vest on each of 3/7/16, 3/7/17 and 3/7/18; and (f) 5,000 options vested 3/6/15 and 5,000 options will vest on each of 3/6/16, 3/6/17, 3/6/18 and 3/6/19.
- (6) The vesting dates of options held by Mr. Benn that were not exercisable as of our fiscal 2014 year-end are as follows: (a) 3,000 options vested on 1/7/15; (b) 3,000 options vested on 1/6/15 and 3,000 options will vest on 1/6/16; (c) 3,700 options vested on 1/5/15 and 3,700 options will vest on each of 1/5/16 and 1/5/17; (d) 3,600 options vested on 3/7/15 and 3,600 options will vest on each of 3/7/16, 3/7/17 and 3/7/18; and (e) 3,000 options vested on 3/6/15 and 3,000 options will vest on each of 3/6/16, 3/6/17, 3/6/18 and 3/6/19.
- (7) The vesting dates of options held by Ms. Zurzolo that were not exercisable as of our fiscal 2014 year-end are as follows: (a) 3,000 options vested on 1/7/15; (b) 3,000 options vested on 1/6/15 and 3,000 options will vest on 1/6/16; (c) 3,000 options vested on 1/5/15 and 3,000 options will vest on each of 1/5/16 and 1/5/17; (d) 3,200 options vested on 3/7/15 and 3,200 options will vest on each of 3/7/16, 3/7/17 and 3/7/18; and (e) 2,800 options vested on 3/6/15 and 2,800 options will vest on each of 3/6/16, 3/6/17, 3/6/18 and 3/6/19.
- (8) The vesting dates of options held by Mr. Byfuglin that were not exercisable as of our fiscal 2014 year-end are as follows: (a) 3,000 options vested on 1/7/15; (b) 3,000 options vested on 1/6/15 and 3,000 options will vest on 1/6/16; (c) 3,000 options vested on 1/5/15 and 3,000 options will vest on each of 1/5/16 and 1/5/17; (d) 2,900 options vested on 3/7/15 and 2,900 options will vest on each of 3/7/16, 3/7/17 and 3/7/18; and (e) 2,600 options vested on 3/6/15 and 2,600 options will vest on each of 3/6/16, 3/6/17, 3/6/18 and 3/6/19.

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On March 5, 2015 the Compensation Committee approved grants of equity awards to the following Named Executive Officers under the terms of our 2010 Stock Plan, as follows:

Name	Number of Stock Options	Number of Shares of Restricted Stock
David Overton	135,000	35,000
David M. Gordon	25,500	7,700
W. Douglas Benn	14,500	5,200
Debby R. Zurzolo	13,000	4,400
Max S. Byfuglin	12,000	3,800

The stock options were granted at an exercise price of \$48.01 per share, which was the fair market value of our common stock on the date of grant. Please see "*Equity-Based Compensation*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement for additional information regarding applicable vesting terms of the grants set forth above.

### **Option Exercises and Stock Vested**

The following table shows, for fiscal 2014, all stock options exercised by Named Executive Officers and shares of their restricted stock that vested:

Name	Stock Options		Restricted Stock	
	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise \$(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(2)
David Overton	-	\$ -	18,000	\$ 848,700
David M. Gordon	13,000	\$ 337,485	6,400	\$ 292,610
W. Douglas Benn	27,500	\$ 1,069,940	10,900	\$ 496,415
Debby R. Zurzolo	20,000	\$ 406,300	7,400	\$ 344,200