

Proxy Voting
Decisions

Company Listing

Lone Star Steakhouse & Saloon

This is provided for informational purposes only and does not constitute investment advice.

Ticker: STAR

Shareholder Meeting Date: 7/6/01

Total Shares Voted: 292,900

Number	Description / Reason	Vote
1.	<p>Elect directors</p> <p>CalPERS believes the Lone Star Board is in strong need of more independence, and is recommending that shareholders vote for Guy Adams to bring more independence to the Board.</p> <p>We believe that the Lone Star Board and Jamie Coulter have done a poor job in representing shareholders' interests at Lone Star, and it shows in the company's poor long-term performance and poor valuations relative to its peers. It is our opinion that more independence on the Lone Star Board can help bring much needed accountability to the management of Lone Star, and improve the long-term performance of this company.</p> <p>Under the impending pressure of the dissident battle, the company is now stating that it has a "track record of implementing governance reforms" (SEC 14(a) dated June 14, 2001), and that they will strongly consider additional reforms. For example, the company is now indicating under the pressure of the dissident battle that it will "consider" declassifying the Board. However, CalPERS would like to point out that as recent as a letter to CalPERS dated April 27, 2001, the company stated it would not declassify the Board regardless of the shareholder proposal to declassify the board</p>	Vote for the dissident slate

that was passed last year by the company's shareholders.

Finally, we note that ISS and The Proxy Monitor have recommended voting for Guy Adams. CalPERS also recommends that shareholders vote for Guy Adams

2.	Ratify auditors	For
3. Shareholder Proposal	Seek prompt sale of the company to the highest bidder CalPERS is disappointed with the company's performance. However, selling the company to the highest bidder may not be the best way to maximize shareholder value, especially given that, under the pressure of this proxy contest, the company may start paying more attention to the shareholders' needs	Against