

**PANERA BREAD COMPANY
AUDIT COMMITTEE CHARTER**

PURPOSE

The primary purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The scope of oversight includes financial reports and other financial information provided by the Company to any governmental or regulatory body, the public or other users thereof, the Company's systems of internal accounting and financial controls, and the annual independent audit of the Company's financial statements.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or other experts for this purpose. The Board and the Committee are in place to represent the Company's stockholders; accordingly, the outside auditor is ultimately accountable to the Board and the Committee.

MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board, each of whom:

- meets the independence criteria set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended; and
- meets any additional director or audit committee independence criteria established by Securities and Exchange Commission rules or Nasdaq listing standards.

All Committee members also must be able to read and understand the Company's fundamental financial statements at the time of their appointment to the Committee. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background that results in his or her financial sophistication such that he or she qualifies as an "audit committee financial expert" as defined by regulations adopted by the Securities and Exchange Commission.

Any member of the Committee may be removed at any time by a majority of the independent members of the Board of Directors.

KEY RESPONSIBILITIES

The Committee's job is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the outside auditors are responsible for auditing those financial statements. Additionally, the Committee recognizes that financial management, as well as the outside auditors, have more time, knowledge and more detailed information on the Company than do Committee members; consequently, in carrying

out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

The Committee shall, among other duties:

- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative GAAP methods on the Company's financial statements and a description of any transactions as to which management obtained Statement on Auditing Standards No. 50 letters.
- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Select and retain the outside independent auditor, and pre-approve the fees to be paid to the independent auditor in connection with audit services.
- Pre-approve the retention of the independent auditor for any non-audit service and the fee for such service.
- Recommend to the Board guidelines for the Company's hiring of employees of the independent auditor who were engaged on the Company's account.
- Ensure that the independent auditor does not provide any non-audit services prohibited by applicable Securities and Exchange Commission rules, and obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
- Review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
 - any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management, and
 - any changes required in the planned scope of the internal audit, including responsibilities, budget and staffing.

- Advise the Board with respect to the Company's policies and procedures regarding compliance with the applicable laws and regulations and with the Company's Standards of Business Conduct.
- Prior to the audit, discuss with the outside auditors the overall scope and plans for their audit, including the adequacy of staffing and compensation
- Review with management and the outside auditors the audited financial statements and disclosures to be included in the Company's Annual Report on Form 10-K (or the Annual Report to Stockholders if distributed prior to the filing of Form 10-K), including major issues regarding accounting and auditing principles or major changes to the Company's auditing and accounting principles and practices, as suggested by the independent auditor, internal auditors or management, as well as the adequacy of internal controls that could significantly affect the Company's financial statements.
- Review and consider with the outside auditors the matters required to be discussed by Statement of Auditing Standards Nos. 61 and 90.
- As a Committee, or through the Committee chair, review with management and the outside auditors earnings press releases, the Company's interim financial results and disclosures to be included in the Company's quarterly reports, including the results of the independent auditors' review of the quarterly financial statements, to be filed with the SEC prior to the Company's filing of the Form 10-Q.
- Take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditor. In connection with this responsibility, the Committee shall obtain and review the written disclosures and the letter from the outside auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the outside auditor's communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the outside auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor, and confirm the regular rotation of the lead audit partner and reviewing partner as required by Section 203 of the Sarbanes-Oxley Act.
- Discuss with the outside auditors any such disclosed relationships and their impact on the outside auditor's independence.
- Select (or nominate for stockholder approval), evaluate and, where appropriate, replace the outside auditor.
- Meet separately periodically with management and the independent auditors to discuss issues and concerns warranting the Committee's attention.
- Discuss with management and the outside auditors the quality and adequacy of the Company's internal controls, and review management's assertion on the effectiveness of internal controls and the independent auditors' report thereon.

- Establish procedures for the (1) receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters and the (2) confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Prepare the report to be included in the Company's annual proxy statement as required by SEC regulations.
- Review with management and the internal audit manager the internal audit charter and staffing of the internal audit function annually, the scope and progress of the internal audit plan throughout the year, and other activities of the internal audit function as and when appropriate, and meet separately with the internal audit manager on matters the Committee determines should be addressed in a private session with the internal audit manager.
- Review the effectiveness of the internal audit function and ensure there are no unjustified restrictions or limitations placed on the function.
- Review the budget for the internal audit function and the compensation of the internal audit manager, and review the appointment, dismissal, or replacement of the internal audit manager.
- Ensure proper coordination between work performed by external audit group and work of internal audit function.

This Charter is intended to provide a set of flexible guidelines for the effective functioning of the Committee.