

Approved by the Board of Directors
March 5, 2004

**PANERA BREAD COMPANY
CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES**

Purpose

The Board of Directors (the “Board”) of Panera Bread Company (the “Company”) is responsible for overseeing the exercise of corporate powers and ensuring that the Company’s business and affairs are managed to meet its stated goals and objectives. The Board’s primary objective is to conduct the Company’s business activities in a legal and ethical manner with a view to adding economic value and sustainable stockholder returns.

The Board recognizes its responsibility to engage, and provide for the continuity of, executive management that possesses the skills and experience required to attain the Company’s goals. The Board also recognizes its responsibility to ensure that nominees for the Board of Directors possess appropriate qualifications and reflect a reasonable diversity of backgrounds and perspectives.

Composition

The number of directors that constitute the Board is determined from time to time by the stockholders of the Company and may be enlarged by a vote of a majority of the directors then in office. A majority of the members of the Board must be independent as defined by Nasdaq listing standards, and under any applicable rules of the Securities and Exchange Commission.

The Board may also designate from time to time an honorary Director Emeritus, who shall have an advisory role.

Upon receipt of the recommendation of the Committee on Nominations and Corporate Governance, the Board will nominate for election by the shareholders, or appoint as a director, one or more new members to fill vacancies on the Board, as appropriate. Any such new member who is appointed by the Board shall serve only until the next annual meeting of shareholders, at which time such member’s term shall expire unless he or she is elected by shareholders at such meeting.

Authority and Responsibilities of the Board

The members of the Board are elected by the shareholders to oversee management and to hold the Company’s managers accountable for the pursuit of the Company’s corporate objectives. In fulfilling its responsibilities, the specific authority and responsibilities of the Board and their

members shall include, but are not limited to, the following:

1. Members of the Board are expected to make every effort to attend all Board and relevant Committee meetings, as well as the annual meeting of the Company's stockholders.
2. Bring to the Board's deliberations the members' collective breadth of business, professional and personal experience in order to represent the collective interest of all stockholders of the Company.
3. Discharge Board duties in good faith, with due care and in a manner reasonably believed to be in the best interests of the Company.
4. Exercise independence, objectivity and the highest degree of integrity on an individual and collective basis.
5. Understand the business of the Company and issues presented to the Board.
6. Review in advance of Board and committee meetings all related materials distributed to members of the Board.
7. Active, objective, thoughtful, constructive and independent participation at meetings of the Board and its committees.
8. Review and approve fundamental operating and financial plans, as well as other corporate plans, strategies and objectives.
9. Retain, at the Company's expense, consultants, legal counsel or others to assist the Board in conducting its business and meeting its responsibilities to the Company and its stockholders, and the authority to approve such consultant's, counsel's or other firm or individual's fees and other retention terms.
10. Evaluate, on a regular and timely basis, the qualitative and quantitative performance of the Company and its executive officers.
11. Periodically review the process of providing appropriate financial and operational information, internally and externally.
12. Ensure that the Company has appropriate policies and procedures in place to assure that the Company and its employees maintain the highest standards of business conduct.
13. Assure that the Company maintains proper accounting, financial and other controls.
14. Evaluate and take appropriate steps to improve the overall effectiveness of the Board and the executive officers.

Standards of Business Conduct

Directors as well as employees and officers are subject to a Standards of Business Conduct, which will be approved by the Audit Committee and the Board of Directors and posted on the Company's website. Waivers of the Standards of Business Conduct will be granted only in rare and extraordinary cases, and only by the Audit Committee. Any waiver with respect to a director or executive officer of the Company will be posted on the Company's web site, and disclosed publicly as required under Nasdaq listing standards.

Board Members

Criteria. The Committee on Nominations and Corporate Governance is responsible for reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and for making recommendations regarding the size and composition of the Board. The objective of Board composition is to bring to the Company a variety of perspectives and skills derived from high quality business and professional experience.

Determination of Independence of Non-Employee Directors. No relationship between any non-employee director and the Company should compromise the independence or judgment of any Board member in governing the affairs of the Company. The determination of what constitutes independent for a non-employee director in any individual situation shall be made by the Board in light of the totality of the facts and circumstances relating to such situation and in compliance with the applicable requirements of the Nasdaq listing standards and other applicable SEC rules and regulations. As required by the Nasdaq listing standards, the Board will make an affirmative determination of independence and report that determination in the proxy statement for the annual stockholders' meeting.

Procedure for Selecting New Director Candidates. The Board is responsible for selecting its members, subject to election by stockholders at annual stockholder meetings, but delegates the screening process to the Committee on Nominations and Corporate Governance. The Committee on Nominations and Corporate Governance is expected to work closely with the other independent Board Members and Chairman of the Board and Chief Executive Officer in determining the qualifications desired in new Board members and making recommendations of candidates to the full Board.

Extending the Invitation to a Potential New Director to Join the Board. Upon concurrence of the members of the Committee on Nominations and Corporate Governance and the full Board, invitations to join the Board will generally be extended on behalf of the Board by the Chairman of the Board and the Chairman of the Committee on Nominations and Corporate Governance. Other Board members may participate as appropriate.

Directors Who Change Their Job Responsibilities. A Board member who ceases to be actively employed in his or her principal business or profession, or experiences other changed circumstances that could diminish his or her effectiveness as a Board member, is expected to offer his or her resignation to the Board. The Board in its discretion will determine whether such member should continue to serve as a director for any portion of his or her unexpired term.

Outside Board Members Serving on Additional Boards. Board members who are full-time employees of a publicly traded company may serve on no more than one publicly-traded company's board in addition to the Company's Board and his or her own company board (when applicable).

Outside Board members who are not full-time employees of a publicly traded company may serve on no more than three publicly traded companies' boards in addition to the Company's board.

Term Limits. The Board believes that significant tenure as a Board member is advantageous to the Company and its stockholders. Accordingly, no term limits for directors have been established.

Meetings

Number. The Board shall meet at least four times each fiscal year, and may hold additional meetings in person or telephonically as often as may be necessary or appropriate, in the discretion of the Chairman of the Board or a majority of the Board members.

Selection of Agenda Items for Board Meetings. The Chairman of the Board and Chief Executive Officer will, together with appropriate members of management, develop the agenda for each Board meeting. The agenda is circulated in advance and Board members may suggest additional items for consideration.

Board Materials Distributed in Advance. As much information and data as practical relating to the meeting agenda items and the Company's financial performance will be sent to Board members for review in advance of meetings.

Minutes. Minutes of each meeting shall be prepared under the direction of the Chairman of the Board and circulated to each member of the Board for review and approval.

Outside Advisors. The Chairman of the Board and Chief Executive Officer or his designee, as well as a majority of the Board members, may request that members of management, legal counsel or other advisors attend the meetings of the Board.

Executive Sessions of Independent Directors

Each Board meeting agenda will include time for an executive session with only independent directors present. Except as otherwise determined by the independent members of the Board at a specific meeting, the Chair of the Audit Committee shall assume the responsibility of chairing the scheduled executive sessions of independent directors and will assume such other responsibilities as the independent directors may designate from time to time.

Committees

The present Board Committees are the Audit Committee, the Compensation and Stock Option Committee and the Committee on Nominations and Corporate Governance. Each Committee will adopt and the Board will approve, a charter. The Company will post all Committee charters on the Company's website, and will otherwise make the charters publicly available as required under applicable regulations. Members of the three committees listed above shall be independent directors of the Company.

Audit Committee Members. The Board must determine that each member of the Audit Committee satisfies the independence requirements under relevant SEC rules and Nasdaq listing standards. Each member of the Audit Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee must meet the definition of "audit committee financial expert" as defined in applicable rules of the Securities and Exchange Commission.

Frequency and Length of Committee Meetings. Generally, committees meet in conjunction with regular Board meetings. Committee chairpersons may also call meetings when they deem it necessary or appropriate. Committee meetings may be as frequent and as long as needed

Committee Meeting Agendas. The agenda for each committee meeting is developed by the chair of the committee in consultation with appropriate members of management. The agenda for each meeting is circulated or discussed in advance of the meeting and Committee members may suggest additional items for consideration.

Miscellaneous Board Governance Matters

Assignment and Rotation of Committee Members. The Committee on Nominations and Corporate Governance is responsible for reviewing and recommending to the Board the assignment of directors to various committees. The Committee on Nominations and Corporate Governance will also recommend to the Board an appropriate rotation process to ensure diversity of Board member experience and variety of exposure to the affairs of the Company.

Board Compensation Review. Each year, the Committee on Nominations and Corporate Governance of the Board will review the Board's compensation in relation to other comparable companies with a view to aligning the interests of Board members and stockholders. Any changes in Board compensation will be recommended by the Committee on Nominations and Corporate Governance and approved by the Board. It is the general policy of the Company not to compensate existing directors for individual services other than his or her service as a director.

Board Member Orientation. An orientation process will be implemented by the Committee on Nominations and Corporate Governance to acquaint new directors with the business, history, current circumstances, key issues and the senior management of the Company.

Ongoing Director Education. The Company encourages its directors to attend outside director education programs, including those accredited by Institutional Shareholder Services.

Assessing the Board's Performance. The Committee on Nominations and Corporate Governance will conduct an annual evaluation of the overall effectiveness of the organization of the Board and the Board's performance of its governance responsibilities. The Committee will report its findings to the full Board for discussion.

Board Resources. The Board (and Board committees to the extent so provided in the applicable committee charters or otherwise authorized by the Board) may use reasonable amounts of time of the Company's internal and independent accountants, internal and outside lawyers and other internal staff and also shall have the authority to hire independent accounting experts, lawyers, compensation and other consultants to assist and advise the Board (and any of its committees that are authorized to seek such advice and assistance) in connection with its responsibilities. The Board (and any such committees) shall keep the Company's accounting department advised as to the general range of anticipated expenses for outside consultants hired by the Board (or such committees).

Board Contact with Stockholders. The Board believes that stockholders should have the ability and a method for direct access to directors, including members of the Audit Committee, to ensure that stockholders' legitimate concerns are brought to the Board's attention. The process for such access shall be established and posted on the Company's web site and publicly disclosed to stockholders in accordance with applicable SEC rules. Currently, stockholders who wish to communicate directly with the Board of Directors or any of its members may contact the Ethics Hotline at 1-888-840-4151 and specify that the communication should be sent directly to the Board or a specific director.

Management

Board Access to Senior Management. All Board members have access to executive officers, with the expectation that such contact will be minimally disruptive to the business operations of the Company. The Chief Executive Officer is encouraged to invite executive officers, who can provide additional insight into business matters being discussed, to meetings of the Board.

Formal Evaluation of the Chief Executive Officer. Each year the Compensation and Stock Option Committee will conduct a formal evaluation of the performance of the Chief Executive Officer based on appropriate quantitative and qualitative criteria.

Executive Officers and Outside Boards. The Chief Executive Officer and other executive officers must obtain approval from the independent Board members prior to accepting an invitation to serve on the board of another public company or on the board of another private company that would represent a material commitment of time. The Chief Executive Officer and other executive officers may not serve on the board of a company for which a Company non-employee director serves in any management capacity.

Succession Planning. The Compensation and Stock Option Committee, together with the Chief Executive Officer, will review succession planning practices and procedures with the Board, and provide the Board with a recommendation as to succession in the event of each executive officer's termination of employment with the Company for any reason (including death or disability).

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These Corporate Governance Principles and Practices are intended to provide a set of flexible guidelines for the effective functioning of the Board. The Board is responsible for organizing its functions and conducting its business in the manner it deems most effective and efficient, consistent with its duties of good faith, due care and loyalty. To meet that responsibility, the Board has adopted these policies to guide its governance practices in the future. These Principles will be regularly re-evaluated by the Committee on Nominations and Corporate Governance and the Board periodically in light of changing circumstances in order to continue serving the best interest of stockholders. Accordingly, the summary of current practices is not a fixed policy, but a statement of current practices that is subject to continuing assessment and change. The Board may modify or amend these Corporate Governance Principles and Practices and the authority and responsibilities of the Board set forth herein at any time.