

PANERA BREAD COMPANY COMPENSATION AND STOCK OPTION COMMITTEE CHARTER

Purpose

The Compensation and Stock Option Committee (the “Committee”) is responsible for working with management to establish appropriate compensation practices for Panera Bread Company (the “Company”) and determining the compensation and other benefits for officers of the Company holding positions of senior vice president and above (“Executive Officers”). In addition, the Committee is responsible for overseeing the development and implementation of management development plans and succession planning practices to ensure that the Company has sufficient management depth to support its continued growth and has the talent needed to execute long term strategies in the event that one or more members of senior management retire or otherwise leave the Company.

The Committee is empowered as it deems appropriate to retain a compensation consultant or firm to be used to assist the Committee in benchmarking and setting appropriate compensation levels and policies. The Committee shall review the adequacy of this Charter on an annual basis.

Membership

The Committee shall be comprised of not less than three (3) members, each of whom shall:

- be an independent director under Nasdaq listing standards,
- qualify as an “outside director” under Section 162(m) of the Internal Revenue Code and related regulations, and
- qualify as a “non-employee director” under Rule 16b-3 promulgated under the Securities and Exchange Act of 1934.

Members of the Committee and a Chair of the Committee shall be appointed by the Board of Directors, based on recommendations by the Committee on Nominations and Corporate Governance in accordance with the Corporate Governance Principles and Practices. Members of the Committee may be removed from the Committee at any time by a determination of a majority of the independent members of the Board of Directors.

Key Responsibilities

The Committee 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, at the discretion of the Chairperson of the Committee. The Chairperson of the Committee may also request that members of management, legal counsel or other advisors attend the meetings of the Committee.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight function:

- Conduct an annual review of, and recommend, the Company’s compensation package for the Chairman of the Board and Chief Executive Officer. In connection therewith, the Committee shall review and recommend his (a) annual base salary level, (b) annual cash bonus performance levels and (c) long-term incentive performance levels. The Chief Executive Officer shall not be present during deliberations or voting with respect to his compensation.
- Review the recommendations of the Chairman of the Board and Chief Executive Officer for and establish the compensation packages of the other Executive Officers of the Company, including (a) the annual base salary level, (b) the annual cash bonus performance levels and (c) the long-term incentive performance levels for each such Executive Officer.
- In connection with any compensation intended to be “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code, recommend the objective performance measures and the performance targets for the CEO and Executive Officers on an annual basis, review and certify the performance of the CEO and the Executive Officers at the end of each fiscal year.
- Discuss the performance of the Chief Executive Officer with the Chief Executive Officer at the end of each fiscal year.
- Review and approve the management development and succession planning practices and strategies of the Company.
- Review and approve employment terms and agreements for Executive Officers.
- Review and approve the Committee’s Report regarding compensation information included in the Company’s Proxy Statement for its annual meeting of stockholders.
- Make regular reports to the full Board of Directors.

The Committee shall have access to Company funds to pay for expenses that the Committee determines are necessary or appropriate to carry out its duties.

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