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FRANCHISE DISCLOSURE DOCUMENT

PANERA, LLC
a Delaware limited liability company
3630 South Geyer Road, Suite 100
St. Louis, Missouri 63127
(314) 984-1000
www.panerabread.com

The franchise offered is for a Panera Bread Bakery-Cafe which will specialize in the retail sale of fresh bakery goods, sandwiches, soups, salads, custom roasted coffees and other cafe beverages, other menu items and merchandise related to the Panera Bread concept, as we may authorize from time to time.

The total investment necessary to begin operation of a Panera Bread Bakery-Cafe is $1,117,000 to $3,464,000 (excluding real estate and related costs, and landlord allowances), including an initial franchise fee of thirty-five thousand dollars ($35,000) and various initial fees of up to forty thousand dollars ($40,000), payable to us for optional technology products and services. If you sign an area development agreement to develop a number of Panera Bread Bakery-Cafes, you also will have to pay a development fee, the amount of which will vary, depending on the factors described in Item 5 of this Disclosure Document and maintain initial working capital of $100,000.

This disclosure document summarizes certain provisions of your franchise agreement and other agreements and information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jane Friedrich at (314) 984-2651.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: March 22, 2019.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT STATES THAT MISSOURI LAW GOVERNS THE AGREEMENT, EXCEPT FOR APPLICABLE FRANCHISE LAWS OF OTHER STATES. MISSOURI LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

2. THE FRANCHISE AGREEMENT REQUIRES THE PARTIES TO ARBITRATE ANY DISPUTES IN THE CITY WHERE OUR HEADQUARTERS ARE LOCATED, WHICH AS OF THE DATE OF THIS DISCLOSURE DOCUMENT IS ST. LOUIS, MISSOURI. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE A DISPUTE IN MISSOURI THAN IN YOUR HOME STATE.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

NOTE: THE FRANCHISE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS LISTED ABOVE MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS (SEE EXHIBIT J) OR REVISIONS TO THE AGREEMENTS (SEE EXHIBIT K).

See the following state effective date summary page for state effective dates.

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STATE REGISTRATIONS

The effective dates of registration of this Disclosure Document in the states listed below are:

STATE	EFFECTIVE DATE
California	March 22, 2019 (Exempt)
Hawaii	Pending
Illinois	March 22, 2019 (Exempt)
Indiana	March 22, 2019 (Exempt)
Maryland	Pending (Exempt)
Michigan	March 22, 2019
Minnesota	Pending
New York	March 22, 2019 (Exempt)
North Dakota	Pending (Exempt)
Rhode Island	Pending (Exempt)
South Dakota	March 25, 2019
Virginia	Pending (Exempt)
Washington	Pending (Exempt)
Wisconsin	Pending

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

This Disclosure Document provides certain information about Panera, LLC and the terms on which it currently offers franchises in the United States of America (as required by federal regulations and certain state laws). This Disclosure Document cannot and does not provide all the information a prospective franchisee should consider in making a decision on whether to enter into an Area Development Agreement or a Franchise Agreement. Prospective franchisees should make an independent investigation before making a decision to enter into an Area Development Agreement or a Franchise Agreement and should consult with their own advisors, such as an attorney and/or an accountant.

Unless the context otherwise requires, all references to "Panera," "we," "us," or "our" refer to Panera, LLC and all references to "Franchisee," "you," or "your" refer to the person who is granted the right to operate a Panera Bread Bakery-Cafe under a Franchise Agreement. If you are a corporation, limited liability company, partnership or any other type of legal entity, the provisions of the Franchise Agreement (and, if applicable, the Area Development Agreement) also apply to your owners by virtue of the requirement that some or all your owners personally guarantee, and be personally bound by, your obligations under the Franchise Agreement (and, if applicable, the Area Development Agreement). All initially capitalized terms used but not defined in this Disclosure Document have the meanings ascribed to them in the Franchise Agreement and Area Development Agreement.

A. PANERA, LLC

Panera is a Delaware limited liability company, which was formed on December 31, 2001, when Panera, Inc., a Delaware corporation, was converted to a limited liability company. Panera was originally formed under the name of ABP Acquisition Corp. on November 10, 1993. Subsequently, it changed its name to "Saint Louis Bread Company, Inc." in December 1993 and then to "Panera, Inc." in July 1999. Panera is a wholly owned subsidiary of Panera Bread Company (referred to as "Panera Bread Company" or "PBC"), which was formerly known as Au Bon Pain Co., Inc. Our principal place of business is 3630 South Geyer Road, Suite 100, St. Louis, Missouri 63127. Our registered agents and agents for service of process are listed in Exhibit G. As of the date of this Disclosure Document, Panera does business under the name Panera Bread, Saint Louis Bread Company and Saint Louis Bread Co.

B. PANERA'S BUSINESS

Panera is in the business of operating and franchising Panera Bread Bakery-Cafes, using certain of the "Marks" and "System," both as defined in the Franchise Agreement attached as Exhibit B, specializing in the retail sale of high quality food in a warm, inviting and comfortable environment. Panera has a menu highlighted by flavorful, wholesome offerings, including select proteins raised without antibiotics, grass-fed beef, whole grain bread and select organic ingredients, with zero grams of artificial trans fat per serving. Our key menu groups are daily baked goods, including a variety of freshly baked bagels, breads, muffins, scones, rolls and sweet goods, made-to-order sandwiches on freshly baked breads, hearty, unique soups, pasta dishes and side items, freshly prepared and hand-tossed salads, and custom roasted coffees and cafe beverages, such as hot or cold espresso and cappuccino drinks and smoothies, as well as other menu items and merchandise related to the Panera Bread concept ("Panera Bread Bakery-Cafe(s)" or "Bakery-Cafe(s)"). Our menu includes a wide variety of year round favorites complemented by new items introduced seasonally with the goal of creating new standards in everyday food choices. With our identity rooted in handcrafted artisan bread, we bake fresh bread every day. Panera is committed to providing great tasting, quality food people can trust. In 2014, we formalized our Food Policy, an articulation of Panera's long held values which expresses a commitment to clean ingredients and products by removing items identified on our "No No List", transparency and a positive impact on the food system. In neighborhoods across the United States, customers are drawn to our warm and welcoming environment which features comfortable gathering areas, relaxing decor and free internet access.

When we acquired our bakery cafe concept in 1993, which was then known as "Saint Louis Bread/Company," we substantially improved the "Saint Louis Bread Company" Bakery-Cafe concept and, for strategic marketing reasons, chose a new name, "Panera Bread." We also recognized that the "Saint Louis Bread Company" name had valuable name recognition in St. Louis, Missouri. Accordingly, all Bakery-Cafes throughout the U.S. currently operate under the "Panera Bread" name, except for those company-owned Bakery-Cafes located in the St. Louis, Missouri market area. For purposes of this Disclosure Document, we refer to all of these Bakery-Cafes as "Panera Bread Bakery-Cafes" even though some of them use the "Saint Louis Bread Company" name.

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We have been franchising and operating company-owned Panera Bread Bakery-Cafes since December 1993. Panera has not offered franchises in any other lines of business.

C. THE PARENT AND AFFILIATES OF PANERA

Our immediate parent company, Panera Bread Company, is a Delaware corporation. Panera Bread Company's principal place of business is the same as ours. Our indirect ultimate pursuit company is JAB Holding Company S.à r.l., a Luxembourg-based holding company ("JAB") with its principal place of business located at 4, Rue Jean Monnet, L-2180 Luxemburg, Grand Duchy of Luxemburg.

Panera Bread (BC) ULC, a British Columbia unlimited liability company ("PBULC") is an affiliate of Panera with a principal business address at 5625 Timberlea Boulevard, Mississauga, Ontario Canada. PBULC and its predecessor have been operating and franchising Panera Bread Bakery-Cafes in Canada since 2007. As of December 25, 2018, PBULC has 19 franchised and no company-owned Panera Bread Bakery-Cafes located in Canada.

ABP Holdco, Inc., a Delaware corporation ("ABP") is an affiliate of Panera with its principal business address at One Au Bon Pain Way, Boston, Massachusetts 02210. ABP indirectly owns, operates and franchises Au Bon Pain Bakery-Cafés. ABP and its predecessors have offered franchises since 1981. As of December 31, 2018, ABP owned 95 Au Bon Pain café bakeries and franchised 83 Au Bon Pain café bakeries located in the U.S.

Paradise Bakery and Café, Inc., a Delaware corporation ("Paradise") is an affiliate of Panera with its principal business at 8541 E. Anderson Drive, Suite 105, Scottsdale, AZ 85255. Paradise owns and franchises "Paradise Bakery" and "Paradise Bakery & Cafe" bakery-cafes. Paradise and its predecessors have offered franchises since 1987. All Paradise Bakery & Cafés have been converted to Panera Bread Bakery-Cafes, with only 3 franchised Paradise Bakery Cafes left as of the end of our last fiscal year, December 25, 2018.

Our ultimate parent company, JAB, together with certain of its affiliates, are involved in a number of different lines of business. As of the end of 2018, JAB and its affiliates have controlling stakes in Keurig Dr. Pepper, a beverage and beverage maker entity, Jacobs Douwe Egberts (JDE), an international coffee and tea company with products available throughout the world, Peet's Coffee & Tea, a premier specialty coffee and tea company, Caribou Coffee Company, a specialty retailer of high-quality premium coffee products, Einstein Noah Restaurant Group, Inc., a leading company in the quick-casual segment of the restaurant industry, Krispy Kreme Doughnuts, a global specialty retailer and wholesaler of premium-quality sweet treats, and Espresso House, the largest branded coffee shop chain in Scandinavia. JAB is also the largest shareholder in Coty Inc., a global leader in beauty products, and owns a controlling stake in Bally, a luxury goods company, as well as a minority stake in Reckitt Benckiser PLC, a global leader in health, hygiene and home products, among other investments.

Krispy Kreme Doughnut Corporation ("Krispy Kreme"), a North Carolina corporation, is indirectly owned by JAB and its affiliates and a franchisor and operator of Krispy Kreme® stores. Krispy Kreme and its predecessors have offered Krispy Kreme® franchises since the 1950's. Krispy Kreme's principal business address is 370 Knollwood Street, Winston-Salem, North Carolina. As of December31, 2018, Krispy Kreme had 145 company owned stores and 205 franchised stores in the U.S.

Caribou Coffee Company, Inc., a Minnesota corporation ("Caribou"), is indirectly owned by JAB and its affiliates and is an operator of coffeehouses under the CARIBOU COFFEE® name ("Caribou Coffeehouse"). The first Caribou Coffeehouse opened in December 1992. As of December 31, 2018, there were 306 Caribou Coffeehouses operated by Caribou in the U.S. Caribou has also operated coffee and bagel restaurants co-branded under the CARIBOU COFFEE® and EINSTEIN BROS. BAGELS® names ("Co-Branded Restaurants") since 2015. As of December 31, 2018, there were 56 Co-Branded Restaurants in the United States. Caribou Coffee Development Company, Inc., a Minnesota corporation ("Caribou Development"), and wholly owned subsidiary of Caribou is a franchisor of Caribou Coffeehouses and Co-Branded Restaurants. Caribou Development has offered franchises for Caribou Coffeehouses since 2006. Caribou Development has offered franchises for Co-Branded Restaurants since 2016. As of December 31, 2018, there were 126 franchised Caribou Coffeehouses in the U.S. As of December 31, 2018, there were 15 franchised Co-Branded Restaurants in the U.S. The principal business address for both Caribou and Caribou Development is 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429.

Peet's Operating Company, Inc., a Virginia corporation ("Peet's Operating Company"), is indirectly owned by JAB and its affiliates and owns and operates Peet's Coffee & Tea® retail coffee stores in the U.S. Peet's Operating Company's principal business address is 1400 Park Avenue, Emeryville, California 94608. Since 2001, it has licensed or franchised the use of the Peet's Coffee & Tea® marks to third parties that sell its products through retail stores. As of December 30, 2018, Peet's Operating Company had 247 company or affiliate owned stores and 167 licensed or franchised stores in the U.S. In 2015, Peet's Operating Company also acquired a controlling interest in (i)

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Stumptown Coffee Corp., the owner and operator of 11 Stumptown Coffee Roasters® retail coffee stores and 1 licensed store as of December 31, 2018, and (ii) Intelligentsia Coffee Inc., the owner and operator of 11 Intelligentsia® retail coffee stores and 1 licensed store as of December 31, 2017. The principal business address of Stumptown Coffee Corp.. is 100 SE Salmon, Portland, Oregon 97214. The principal business address of Intelligentsia Coffee Inc. is 1850 West Fulton Street, Chicago, Illinois 60612.

Einstein and Noah Corporation, a Delaware corporation ("ENC"), is indirectly owned by JAB and its affiliates and is an operator of company stores and franchisor of Einstein Bros. Bagel® restaurants. ENC's principal business address is 555 Zang Street, Suite 300, Lakewood, Colorado 80228. Einstein Bros. Bagels Franchise Corporation, a Colorado corporation ("EBBFC"), a wholly owned subsidiary of ENC and its predecessors have offered Einstein Bros. Bagels® franchises since 2006. As of December 31, 2018, ENC directly and indirectly had 359 company owned stores and 370 franchised stores in the United States.

Manhattan Bagel Company, a New Jersey corporation ("Manhattan"), is indirectly owned by JAB and its affiliates and is a franchisor of Manhattan Bagel® restaurants. Its principal business address is 555 Zang Street, Suite 300, Lakewood, Colorado 80228. Manhattan has offered franchises for Manhattan Bagel® stores since 1987. As of December 31, 2018, Manhattan had 63 franchised Manhattan Bagel® stores in the U.S.

Bruegger's Enterprises, Inc. ("BRU"), a Delaware corporation, is indirectly owned by JAB and its affiliates and an operator of Bruegger's® brands and Bruegger's Bagels® company stores since 2003. Bruegger's Franchise Corporation ("BFC"), a subsidiary of BRU, has offered Bruegger's Bagels® franchises since 2003. The principal business address for both BRU and BFC is 555 Zang St., Suite 300, Lakewood, CO 80228. As of December 31, 2018, Bruegger's Bagels® had 157 company owned stores and 59 franchised stores in the U.S.

None of the above affiliated companies provide products or services to you.

D. THE FRANCHISE

We offer to qualified persons the right to develop multiple Panera Bread Bakery-Cafes within a specific geographic area (the "Development Area") under our standard form area development agreement (the "Area Development Agreement" or "ADA"). A copy of the Area Development Agreement is attached as Exhibit A. The Area Development Agreement requires you to open an agreed-upon number of Panera Bread Bakery-Cafes under a Development Schedule.

You must sign our then-current form of franchise agreement (the "Franchise Agreement") for each Panera Bread Bakery-Cafe you open. Each Franchise Agreement will grant you the right to own and operate a single Panera Bread Bakery-Cafe at an agreed-upon location and will require you to sell to us, at our option, your Panera Bread Bakery-Cafe at a defined purchase price in the event that you fail to meet our established operational standards or upon the occurrence of certain other events as described in the Purchase Option Addendum to the Franchise Agreement. A copy of our current form of Franchise Agreement is attached as Exhibit B. However, if you are executing a Franchise Agreement pursuant to an Area Development Agreement that you entered into before March 27, 2003, you are not required to execute the Purchase Option Addendum attached to the Franchise Agreement.

A franchisee of Panera will specialize in the retail sale of daily baked goods, including a variety of freshly baked bagels, muffins, scones, rolls and sweet goods, made-to-order sandwiches and flatbreads on freshly baked breads, hearty, unique soups, pasta dishes, freshly prepared and hand-tossed salads, and custom roasted coffees and cafe beverages, such as hot or cold espresso and cappuccino drinks and smoothies, as well as other menu items and merchandise related to the Panera Bread concept as we may authorize from time to time. Panera Bread Bakery-Cafes will normally provide carry- out service and seating, emphasizing a more special dining experience than that offered by traditional fast food restaurants. Panera Bread Bakery-Cafes may also be authorized to provide offsite catering services within a designated geographic area (See Item 12 for details). Panera Bread Bakery-Cafes compete in several segments of the restaurant business: breakfast, "AM chill", lunch, "PM chill", dinner, and take home, through both on-premise sales and offsite Panera Catering and offsite small order delivery. You must offer for sale all products and services Panera designates, unless you obtain our prior written approval not to carry certain items or provide certain services. To support its Bakery-Cafes in servicing catering markets, Panera operates catering-only units, referred to as delivery hubs. Panera may offer franchisees the opportunity to develop and operate delivery hubs in its discretion. We may grant you a non-exclusive right to provide offsite catering and/or delivery services for certain food products we may authorize from time to time within a geographical area around your Bakery-Cafe that we may designate from time to time.

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For each Panera Bread Bakery-Cafe, you must construct a baking facility. This baking facility is necessary to complete the production of a baked product after delivery of partially prepared fresh and frozen ingredients.

We have developed technology platforms which are designed to make a difference to our customers by providing a greater degree of access and convenience for our guests. Specifically, we are concentrating efforts and resources on our strategic initiatives intended to enhance the experience for both our dine-in and to-go guests. Examples of this initiative include Panera 2.0, consisting of digital retail ordering and Rapid-Pickup, catering ordering, small order delivery, ordering kiosks, and technology tools to assist managers within the Bakery-Cafe. Franchisees interested in using these technology platforms are required to enter into our Franchisee Software and Services Master Supply Agreement ("Software and Services Agreement"), which is attached as Exhibit E. Under the Software and Services Agreement, Panera supplies Panera owned or licensed software and other technologies and any required or requested related services. The specific software and services to be provided and the fees to be paid will be set forth in an attached Scope of Work ("SOW") on a project by project basis. Fees for Panera 2.0 are generally structured as initial start-up fees, license fees, periodic subscription fees, percentage of sales fees or a combination of each depending upon the nature of the services and materials provided.

The products and services offered by a Panera Bread Bakery-Cafe are intended primarily for personal consumption by the general public. Panera has designed its concept to create an ambiance in our Bakery-Cafes that is warm, inviting, and embracing. For example, Bakery-Cafes are designed to provide distinctive environments, in many cases using fixtures and materials complementary to the neighborhood location of the Bakery-Cafe as a way to engage customers. The distinctive design and environment of our Bakery-Cafes are intended to offer an oasis from the rush of daily life, where our associates are trained to greet our customers by name and have the skills, expertise, and personalities to make each visit a delight. Many of our Bakery-Cafes incorporate the warmth of a fireplace and cozy seating areas or outdoor cafe seating, which facilitate the use of our Bakery-Cafes as a gathering spot. Our Bakery-Cafes are designed to visually reinforce the distinctive difference between our Bakery-Cafes and other bakery-cafes and restaurants.

You will have to compete with other businesses offering similar products, including specialty food, casual dining, and quick service cafes, bakeries and restaurant retailers, including national, regional and locally-owned restaurants and grocery stores offering products similar to those offered by Panera Bread Bakery-Cafes, as well as wholesale bakeries and distributors. Additionally, if you are authorized to offer small order delivery, you will compete with business in the highly competitive pizza delivery marketplace and with businesses who offer ordering and meal delivery services from unaffiliated restaurants.

The restaurant industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes and spending patterns, consumer concerns about the nutritional quality of quick-service food, negative publicity about the ingredients we use or the occurrence of food-borne illnesses, dietary trends, and increases in the number of, and particular locations of, competing restaurants. Various factors can adversely affect the restaurant industry, including weather conditions; inflation; availability of and resulting increases in food and ingredient costs; labor and energy costs; the availability and cost of suitable sites; fluctuating interest and insurance rates; state and local regulations and licensing requirements; the availability of ingredients, particularly select proteins raised without antibiotics, food items and an adequate number of hourly-paid and salaried employees; and other factors that may affect restaurants or retailers in general.

You should consider that certain aspects of any bakery-cafe business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and state law equivalents, the Occupational Safety and Health Act, the Affordable Care Act, the National Labor Relations Act, data protection (such as credit card data protection under FACTA) and privacy laws. The Environmental Protection Agency, the U.S. Food and Drug Administration, the U.S. Department of Agriculture, as well as state and local environmental and health departments and other agencies have laws and regulations concerning the preparation and labeling of food and sanitary conditions of bakery-cafe facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of such laws impose limits on emissions resulting from commercial food preparation.

From time to time, we may sell and franchise one or more of our company-owned Panera Bread Bakery-Cafes. In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate. If you purchase a company-owned Panera Bread Bakery-Cafe, you must sign a Franchise Agreement and, possibly, also an Area Development Agreement for the further development of Panera Bread Bakery-Cafes in the geographic area where the purchased Panera

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Bread Bakery-Cafe(s) is located. Depending on the circumstances, the financial and other terms may vary from the standard terms of our Franchise Agreement and Area Development Agreement.

We also may offer franchises or other arrangements for Panera Bread Bakery-Cafes to be located at non- traditional locations, such as transportation facilities (such as airport facilities, inter-MSA train and/or bus stations, turnpikes or other limited access highway rest stops); hospitals; colleges and universities; sports arenas and entertainment facilities; and retail outlets, grocery stores and supermarkets. Additionally, we operate alternative location formats, such as delivery and carryout and delivery only locations, and locations which utilize alternative baking systems and are not required to receive deliveries of fresh dough daily and may offer franchises or other arrangements for such locations in the future. The terms and conditions of a franchise or other arrangements for a non-traditional location or alternative format may vary considerably from the standard terms of our Franchise Agreement and Area Development Agreement.

We, or an affiliate, may offer franchises or enter into other types of relationships for Panera Bread Bakery-Cafes in foreign countries. This Disclosure Document does not describe the terms of any such international agreements or relationships, but we may deliver this Disclosure Document in connection with such transactions for general informational purposes.

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ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer, President, and Sole Director: Blaine Hurst. Blaine Hurst has served as Chief Executive Officer, President, and Sole Director since January 2018 and President since December 2016. Mr. Hurst served as Executive Vice President, Chief Transformation and Growth Officer from October 2014 to December 2016. Mr. Hurst served as Executive Vice President, Technology & Transformation from May 2013 until October 2014.

Executive Vice President, Chief International & Global Supply Chain Officer: Charles J. Chapman, III. Chuck Chapman has served as Executive Vice President, Chief International & Global Supply Chain Officer since August 2018. From June 2012 to August 2018, he was Executive Vice President, Chief Operating Officer.

Executive Vice President, Chief Financial Officer: Michael J. Bufano. Mike Bufano has served as Executive Vice President, Chief Financial Officer since December 2018. From April 2015 until December 2018, he served as Senior Vice President, Chief Financial Officer. From August 2014 until April 2015, Mr. Bufano was Senior Vice President, Planning and from July 2010 to August 2014 he was Vice President, Planning.

Senior Vice President, General Counsel, Chief Legal Officer and Chief Franchise Officer: Scott G. Blair. Scott Blair has served as General Counsel since August 2018, Senior Vice President, Chief Legal Officer since January 2008, and Chief Franchise Officer since September 2014. He also served as General Counsel and Secretary of Panera, LLC from January 2008 to September 2014.

Senior Vice President, Chief Information Officer: John Meister. John Meister has served as Senior Vice President and Chief Information Officer since June 2013.

Senior Vice President, Business Development, Non-traditional Channels: William H. Simpson, Jr. Hank Simpson has served as Senior Vice President, Business Development, Non-traditional Channels since April 2018. He was Senior Vice President and Chief Development Officer from September 2015 to April 2018. Mr. Simpson served as Senior Vice President from April 2015 to September 2015. From September 2014 to April 2015, he was Chief Operating Officer of Pizza Studio. From October 2012 until September 2014, Mr. Simpson served as Senior Vice President, Chief Franchise Officer of Panera.

Senior Vice President, Chief Development Officer: Rob Sopkin. Rob Sopkin has served as Senior Vice President, Chief Development Officer since April 2018. He was Chief Development Officer of Planet Fitness, Inc. in Boston, MA from September 2017 to April 2018. From March 2016 to August 2017, Rob was Chief Real Estate Officer for Dean & Deluca in Chicago, IL. From April 1998 to March 2016, he was Managing Vice President U.S. Store Development for Starbucks.

Senior Vice President, Learning and Development: Scott Millward. Scott Millward has served as Senior Vice President, Learning and Development since September 2017. From August 2013 to August 2017, he was Chief Learning Officer of Farmers Insurance in Woodland Hills, CA.

Vice President, Corporate Counsel: Tom Dolan. Tom Dolan has served as Vice President, Corporate Counsel since December 2018. Since January 2006, Tom has served as Senior Vice President, General Counsel and Secretary of Au Bon Pain in Boston, MA.

Vice President, Franchise Operations: Todd Burns. Todd Burns has served as Vice President, Franchise Operations since January 2007.

Vice President, Real Estate Strategy: Douglas C. Schnell. Doug Schnell has served as Vice President, Real Estate – Strategy since December 2009.

Vice President, Real Estate: Richard Ste Marie. Rick Ste Marie has served as Vice President, Real Estate since October 2012.

Vice President, Franchise Sales and Administration: Richard L. Armstrong, Jr. Rich Armstrong has served as Vice President, Franchise Sales and Administration since January 2016. Mr. Armstrong served as Director of Franchise Administration from September 2008 until January 2016.

Director, Non-Traditional Real Estate: Matt Scobbie. Matt Scobbie has served as Director, Non-Traditional Real Estate since June 2018. From August 2010 to June 2018, Matt was Senior Manager, Real Estate.

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Director, Non-Traditional Real Estate: Steve Kibler. Steve Kibler has served as Director, Non-Traditional Real Estate since June 2018. From November 2013 to June 2018, Steve was Vice President, Real Estate of Au Bon Pain in Boston, MA.

Manager, Franchise Communications: Cory Davenport. Cory Davenport has served as Manager, Franchise Communications since May 2005.

Manager, Franchise Sales: Jane C. Friedrich. Jane Friedrich has served as Manager, Franchise Sales for Panera since November 1999. Ms. Friedrich is an attorney licensed to practice law in Missouri.

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ITEM 3
LITIGATION

Concluded.

Nick Sotoudeh v. Panera Bread Company et al., No. 09-03455 (Superior Court of the State of California, County of Contra Costa, filed December 9, 2009). The complaint filed against us and PBC in the purported class action alleged, among other things, violations of the California Labor Code, failure to pay overtime, failure to provide meal and rest periods and termination compensation and violations of the California Business and Professions Code. The complaint sought, among other relief, collective and class certification of the lawsuit, unspecified damages, costs and expenses, including attorneys' fees, and such other relief as the Court might find just and proper. On April 12, 2011 the complaint was amended to add another former employee, Gabriela Brizuela, as a plaintiff. On November 17, 2011, the parties reached a Memorandum of Agreement regarding the class action lawsuits pursuant to which the class action filed by David Carter discussed below was dismissed and added to this action. Under the terms of the Memorandum of Agreement, we agreed to pay a maximum amount of $5.0 million for settlement payments to purported class members, plaintiffs' attorneys' fees, and the costs of administering the settlement. The Memorandum of Agreement contained no admission of wrongdoing. On December 21, 2012, the Court approved the terms and conditions of the settlement and the settlement payment amounts.

David Carter, et al. v Panera Bread Company et al., CIVDS 1108914 (Cal. Superior Court, County of San Bernardino, filed July 22, 2011). A purported class action lawsuit was filed against us and PBC by David Carter, a former employee of one of our subsidiaries, and Nikole Benavides, a purported former employee of one of our franchisees. The lawsuit was filed in the California Superior Court, County of San Bernardino. The complaint alleged, among other things, violations of the California Labor Code. The complaint sought, among other relief, collective and class certification of the lawsuit, unspecified damages, costs and expenses, including attorneys' fees, and such other relief as the Court might find just and proper. This matter was consolidated with the lawsuit described in the immediately preceding paragraph and was resolved under the Memorandum of Agreement described above.

Denarius Lewis, Caroll Ruiz, Corey Weiner v. Panera Bread Company et al., No. 2:10-cv-760-FtM-36DNF (M.D. FL, filed December 16, 2010). A purported class action lawsuit was filed against us and PBC by Denarius Lewis and Corey Weiner, former employees of ours, and Caroll Ruiz, an employee of one of our franchisees. The lawsuit was filed in the United States District Court for Middle District of Florida. The complaint alleges, among other things, violations of the Fair Labor Standards Act. The complaint sought, among other relief, collective and class certification of the lawsuit, unspecified damages, costs and expenses, including attorneys' fees, and such other relief as the Court determines to be appropriate. On February 29, 2012, the parties agreed to settle this matter for $1.5 million for settlement payments to purported class members, plaintiffs' attorneys' fees, and costs of administering the settlement. The agreement includes no admission of wrongdoing. The terms and conditions of the settlement were approved by the Court on June 26, 2012, and the matter was dismissed with prejudice.

Western Washington Laborers-Employers Pension Trust v. Panera Bread Company, et al., No. 4:08 CV-00120 (E.D. MO, filed January 25, 2008). A purported class action lawsuit was filed against PBC, one of our current officers (Ron Shaich) and two former officers by the Western Washington Laborers-Employers Pension Trust on behalf of investors who purchased PBC's common stock during the period between November 1, 2005 and July 26, 2006. The complaint alleged that PBC and the other defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 under the Securities Exchange Act in connection with PBC's disclosure of system-wide sales and earnings guidance during the period from November 1, 2005 through July 26, 2006. The complaint sought, among other relief, class certification of the lawsuit, unspecified damages, costs and expenses, including attorneys' and experts' fees, and such other relief as the court might find just and proper.

Sue Trachet v. Panera Bread Co. et al., No. 4:2008cv00271 (E.D. MO, filed February 26, 2008). The complaint in this purported class action lawsuit, filed against PBC and three former officers, alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder in connection with Panera's disclosure of system-wide sales and earnings guidance during the period from November 1, 2005 through July 26, 2006. The complaint sought, among other relief, class certification of the lawsuit, unspecified damages, costs and expenses, including attorneys' and experts' fees, and such other relief as the court might find just and proper.

On June 23, 2008, the preceding lawsuits were consolidated and the Western Washington Laborers-Employers Pension Trust was appointed lead plaintiff in the lawsuit.

On February 11, 2011, the parties filed with the Court a Stipulation of Settlement regarding the class action lawsuit. Under the terms of the Stipulation of Settlement, PBC's primary directors and officer's liability insurer deposited $5.7 million into a settlement fund for

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payment to class members, plaintiff's attorneys' fees and costs of administering the settlement. The Stipulation of Settlement contained no admission of wrongdoing. On June 22, 2011, the Court granted final approval of the settlement and entered an order dismissing the case with prejudice. The settlement and dismissal became final on July 22, 2011.

Paul Pashchetto, derivatively on behalf of Panera Bread Company v. Panera Bread Company, nominal defendant, et al., No. 088L-CC06805 (Div. 17, St. Louis County, MO, filed February 22, 2008). A shareholder derivative lawsuit was filed by Paul Pashchetto on behalf of the shareholders of PBC against PBC and certain former officers and directors. The complaint alleged that the defendants violated state law through breaches of fiduciary duty, waste of corporate assets and unjust enrichment. The complaint sought, among other relief, injunctive relief, unspecified damages, costs and expenses, including attorneys' and experts' fees, and such other relief as the court might find just and proper. On February 22, 2011, the parties filed with the Court a Stipulation of Settlement regarding the shareholder derivative lawsuit. Under the terms of the Stipulation of Settlement, PBC agreed, among other things, to implement and maintain certain corporate governance additions, modifications and/or formalizations, and its insurer paid plaintiff's attorneys' fees and expenses of $1.4 million. The Stipulation of Settlement contained no admission of wrongdoing. On April 8, 2011 the Court granted a motion for final approval of the settlement. The settlement and dismissal became final on May 8, 2011.

On or about August 10, 2018, we entered into an Assurance of Discontinuance with the State of Washington In re: Franchise No Poaching Provisions, No. 18-2-20763-1 SEA (King Cnty. Superior Court, WA). In this Assurance of Discontinuance ("AOD") (a) the Washington Attorney General alleges that provisions in Panera's standard franchise agreement, prohibiting the solicitation of employees of Panera and other franchisees, constitute unlawful restraints of trade under Washington law; (b) we expressly deny that such provisions or any other conduct constitutes an unlawful restraint of trade in the state of Washington; (c) it states that neither the AOD nor its terms constitutes an admission of law, fact, liability, misconduct or wrongdoing by Panera; (d) Panera agrees to discontinue using and enforcing the employee non-solicitation provisions and to notify all of its franchisees in the U.S. of the AOD; and (e) Panera agrees to amend its franchise agreements in the state of Washington to remove the employee non-solicitation clauses.

On or about March 22, 2019, we entered into a settlement agreement ("Settlement Agreement") with the states of Massachusetts, California, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia ("Settling States"). In the Settlement Agreement (a) the Settling States allege that the employee non-solicitation provisions in Panera's standard franchise agreement violate the Settling States' antitrust laws, consumer protection laws and employment laws, (b) Panera denies that the employee non-solicitation provisions violate any law, and (c) the parties acknowledge that the Settlement Agreement is entered into without trial or adjudication of any issue of fact or law. In the Settlement Agreement, Panera agrees (a) to discontinue using and enforcing the employee non-solicitation provisions; (b) to amend its franchise agreements in the Settling States to remove the employee non-solicitation provisions and to post notices in bakery cafes to notify employees of the Settlement Agreement. The Settlement Agreement is intended to have the same effect as an Assurance of Discontinuance, Assurance of Voluntary Compliance or Stipulated Judgment and may be filed in court in each of the Settling States. As of the date of this franchise disclosure document, we are not aware of any such filings.

Pending.

None.

Other than these actions, no litigation is required to be disclosed in this Item.

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ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

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ITEM 5
INITIAL FEES

Area Development Agreement.

Under the Area Development Agreement you must pay a development fee of five thousand dollars ($5,000) (the "Development Fee") for each Panera Bread Bakery-Cafe that may be opened under the Area Development Agreement. The number of Panera Bread Bakery-Cafes that you may develop under a particular Area Development Agreement is determined by mutual agreement. The number of Panera Bread Bakery-Cafes will vary depending upon a variety of factors, including: (1) existing population and anticipated population growth within the Development Area; (2) competition within the Development Area; (3) the availability of acceptable locations; and (4) the number of Panera Bread Bakery-Cafes we estimate can be developed within the Development Area.

The initial franchise fee payable for each Panera Bread Bakery-Cafe you are required to develop under an Area Development Agreement is thirty five thousand dollars ($35,000). We will apply five thousand dollars ($5,000) of the Development Fee paid under the Area Development Agreement against the initial franchise fee payable under each Franchise Agreement entered into under the terms of the Area Development Agreement. No portion of the Development Fee is refundable if you fail to develop the cumulative number of Panera Bread Bakery-Cafes that may be developed in accordance with the terms of the Area Development Agreement.

Franchise Agreement.

The initial franchise fee is thirty five thousand dollars ($35,000), which is due and payable, less five thousand dollars ($5,000) of the Development Fee paid pursuant to the Area Development Agreement as described above, at least thirty (30) days prior to the scheduled opening of a Panera Bread Bakery-Cafe. After a Franchise Agreement has been signed, the initial franchise fee is not refundable in whole or in part. Except as noted above with respect to the application of a portion of the Development Fee due and payable under an Area Development Agreement, and possibly in connection with the conversion of a Paradise Bakery & Café to a Panera Bread Bakery-Cafe and with the sale of company-owned Panera Bread Bakery-Cafes and/or non-traditional locations (See Item 1), the thirty five thousand dollars ($35,000) franchise fee is uniform to all franchisees currently purchasing a franchise. A franchise fee equal to fifty percent (50%) of the Panera's then-current franchise fee is payable in connection with the renewal of a Franchise Agreement. A transfer fee of seven thousand five hundred dollars ($7,500), plus costs, is payable in connection with the transfer of a Franchise Agreement. Before opening a Panera Bread Bakery-Cafe, you must purchase your initial inventory of certain frozen dough and fresh dough products from Panera, which you will purchase on a daily basis, at a cost of approximately three hundred dollars ($300) to five hundred dollars ($500), which amount is non-refundable.

Development Services Agreement

Panera may enter into Development Services Agreements (attached as Exhibit D-1) with franchisees, which provide that Panera may from time to time, at its discretion and on a nonexclusive basis, offer to sell to existing franchisees Panera Bread Bakery-Cafe locations to be developed by us. The purchase price for such proposed locations are the total development costs incurred by Panera, plus an additional Development Fee (currently one hundred and ten thousand dollars ($110,000) under existing contracts, however this fee may be modified based on location, services rendered, changes in actual costs and other factors determined from time to time by Panera). These costs are in addition to any franchise fees payable in connection with franchisee's acquisition of the location. The Development Services Agreement does not provide any exclusive rights or territory under the agreement and Panera is not required to make any offers under the agreement. Likewise, the franchisee is not required to accept any offers made by us. We may terminate the Development Services Agreement immediately upon notice for any reason or no reason. We will issue a Bill of Sale in connection with any items transferred to franchisees in connection with the Development Services Agreement, which will provide the extent to which such items shall be covered by any warranties. In most instances we would expect that such items will remain subject to any applicable manufacturer's warranties but shall otherwise be transferred by us without any additional express or implied warranties.

Real Estate Selection and Construction Management Services Agreement

Panera may enter into Real Estate Selection and Construction Management Services Agreements (attached as Exhibit D-2) with franchisees, which provide that Panera may from time to time, at its discretion and on a nonexclusive basis, offer to provide real estate assistance services to franchisees (such as real estate selection and construction management services). The fees for these services are

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currently one hundred and ten thousand dollars ($110,000), however this fee may be modified based on location, services rendered, changes in actual costs and other factors determined from time to time by Panera. These costs are in addition to any franchise fees payable in connection with franchisee's acquisition of the location. The Real Estate Selection and Construction Management Services Agreement does not provide any exclusive rights or territory under the agreement and Panera is not required to make any offers under the agreement. Likewise, the franchisee is not required to accept any offers made by us. We may terminate the Real Estate Selection and Construction Management Services Agreement immediately upon notice for any reason or no reason. Unlike the Development Services Agreement described above, Panera will provide consulting or advisory services only, rather than developing the Bakery-Cafe and transferring possession of the Bakery-Cafe assets to the franchisee.

Franchisee Software and Services Master Supply Agreement

As noted in Item 1, Franchisees may enter into a Software and Services Agreement for certain Panera owned or licensed software and other technologies to support the operation of Panera Bread Bakery-Cafes. The specific software or services to be supplied and the fees payable will be set forth in an applicable Statement of Work on a project by project basis. Fees for Panera 2.0 are generally structured as initial start-up fees, periodic subscription fees, percentage of sales fees or a combination of each depending upon the nature of the services of materials provided. Currently, you may purchase, from Panera, optional technology products and services at a cost of up to forty thousand dollars ($40,000) (See Item 6, Note 9 and Item 7, Note 4).

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ITEM 6
OTHER FEES

FRANCHISE AGREEMENT

Type of fee	Amount	Due Date	Remarks (See Note 1)
Royalty	5% of Net Sales	Payable on 1st business day immediately following each "Reporting Period"	"Net Sales" is defined in Note 3 below; payment made by automatic electronic withdrawal. "Reporting Period" is the period from Wednesday to Tuesday (or as determined by us).
Advertising - National Advertising Fund ("NAF") - Local Advertising Funds ("LAF") - Marketing Administration Fee ("MAF") - Advertising Association	 2.6% of Net Sales 2.0% of Net Sales 0.4% of Net Sales Determined by Advertising Association	NAF, MAF and LAF (to the extent collected by Panera) are payable on 1st business day immediately following each "Reporting Period". Payable on 1st business day immediately following each "Reporting Period"	"Net Sales" is defined in Note 3 below; to the extent collected by Panera, payment is made by automatic electronic withdrawal. "Reporting Period" is the period from Wednesday to Tuesday (or as determined by us). See Note 2
Miscellaneous Administrative Fees	To be reasonably determined by us from time to time.	Upon demand	Currently, miscellaneous fees include a special $50 handling charge for each incomplete or non- electronically received order from your Bakery-Cafe for its bakery products (See Note 4), and a $30 fee if you do not submit Periodic Reports timely.
Proprietary Ingredients	For dough, the price is not to exceed 27% of "Retail"; for other Proprietary Ingredients, the price is established by the supplier thereof from time to time (See Note 5)	For dough sales, 21 days following the end of the sales week for franchisees not in default; otherwise as ordered.	See Note 5
Licensed Ingredients	Prices are established by approved suppliers from time to time.	As ordered	See Note 6
Other Food Products and Supplies and Distribution Fees	Varies	As ordered	You may purchase other food products, paper supplies, uniforms and promotional material from approved suppliers (including Panera) and/or in accordance with our standards and specifications. (See Note 7)
Quality Control Program	Varies	Ongoing	Must contribute pro-rata share of costs of any program implemented, such as Interactive Voice Response ("IVR") Customer Satisfaction Measurement, "customer intercept" or other programs we may implement. (See Note 8)

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Type of fee	Amount	Due Date	Remarks (See Note 1)
Re-Inspection Fee	$3,500	Upon demand	If the inspection conducted by us or our designated agents reveals that your Bakery-Cafe fails to meet our minimum standards (as we determine from time to time), we may charge our then-current standard re-inspection fee for any follow-up inspection relating to such failure.
Interest on late payments	2% over prime rate	Immediately	The interest rate applies to any money you owe us, or any of our Affiliates (as defined in the Franchise Agreement), after the due date.
Fee for insufficient funds in bank account	Currently $30 (bank fee plus administrative fee)	Within 14 days of notice from us of the insufficient funds	Applies to any insufficient fund payment made by electronic transfers or checks to us or our Affiliates.
Fees to evaluate and approve alternative suppliers	Our reasonable costs and expenses, which currently are expected to range between $2,500 and $7,500, although costs could greatly exceed those amounts depending on the product and the proposed alternative supplier.	Upon receipt of our bill	We may impose reasonable inspections and supervision fees to cover our costs in evaluating and maintaining alternative brands or suppliers you propose in accordance with the Franchise Agreement.
Audit	Cost of audit, which is expected to range between $30,000 and $70,000 assuming you have maintained adequate books and records	Completion of audit	Payable if you fail to furnish required information or if we find an understatement of Net Sales greater than 2%. The estimated range is for an audit of a multi-unit franchisee, not for a single Panera Bread Bakery-Cafe.
Site Selection Costs	Panera's reasonable expenses, which are expected to range between $1,500 and $4,000	As incurred	Must reimburse us for our reasonable expenses, including the costs of travel, meals and lodging incurred in site evaluation for each visit after the initial visit. The expenses associated with site evaluation will not be refundable and will vary depending on various factors.
Insurance	Will vary under circumstances	As incurred	If you fail or refuse to obtain the required insurance coverage for the Panera Bread Bakery-Cafe, we may obtain coverage at your expense.
Maintenance costs	Will vary under circumstances	As incurred	If you fail or refuse to maintain the Panera Bread Bakery-Cafe as required, we have the right to do so on your behalf and at your expense.
Attorneys' fees and other costs	Will vary under circumstances	As incurred	Payable if we prevail in any legal dispute with you or in connection with an indemnification.

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Type of fee	Amount	Due Date	Remarks (See Note 1)
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of your breach of the Franchise Agreement or the development and operation of your Bakery-Cafe.
Transfer	$7,500, plus costs	Upon sale or transfer	Except in the case of a transfer to a legal entity formed solely for the convenience of ownership, you must pay us a transfer fee.
Renewal	Fifty (50%) of the then-current initial franchise fee	Upon signing successor franchise agreement	
All optional Panera IS services	See Note 9	Payable on 1st business day of each calendar month, billed one month in advance	All payments to be made by automatic electronic withdrawal.
Panera IS proprietary Enterprise Software, Baguette University ("BU") and back of the house ("BOH") PC Hardware and System Support Fees	Will vary under circumstances	As incurred	See Note 9 and Item 7 (Note 4)
Charting Services (optional)	Not yet determined	Annually	All payments to be made by automatic electronic withdrawal.

Note 1: Except as noted, all fees are payable to Panera and are uniform and non-refundable. Costs of products and supplies are subject to change from time to time, except as otherwise provided in the Franchise Agreement.

Note 2: These items include amounts paid to a NAF, LAF, MAF and Advertising Association. We reserve the right to collect annual contributions to the NAF at any time of the year and may do so retroactively for periods of the calendar year that have already lapsed (if we change the contribution mid-year). The NAF contribution rate for the 2018 fiscal year is 2.6% of Net Sales. Additionally, you must pay the MAF of 0.4% of Net Sales and spend 2.0% of your Net Sales on LAF. However, through the 2019 fiscal year, we will permit franchisees to temporarily reduce the amount required to be spent on LAF to 0.8% of Net Sales. You may, at our determination, be required to participate in an Advertising Association. Decisions of Advertising Associations are made by majority vote based on one vote per Bakery-Cafe. Accordingly, we may control the Advertising Association in certain areas where company-owned Bakery-Cafes constitute the majority. If we require you to contribute to an Advertising Association, either this year or in the future, we will credit your contribution toward your required LAF expenditure requirements. If we provide you or your Advertising Association ninety (90) days' notice of a special promotion, you must participate and also pay any special promotion advertising fees we assess. These fees will be in addition to your LAF requirements. We may increase the NAF, LAF or MAF contribution requirements above 2.6%, 2.0% and 0.4% of Net Sales, respectively, with an affirmative vote by 66% of all then existing company and franchised Panera Bread Bakery-Cafes or by an affirmative vote by 51% of the then existing franchised Panera Bread Bakery-Cafes.

Note 3: The term "Net Sales" means the aggregate amount, determined in accordance with Panera Standards, of all sales of food, beverages and other products and merchandise sold and services rendered at a Bakery-Cafe premises or otherwise rendered in connection with such Panera Bread Bakery-Cafe or your use of the Marks, including monies derived from sales at or away from such Panera Bread Bakery-Cafe (e.g., catering or delivery), whether for cash or credit, but excluding (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities; and (2) all customer refunds and adjustments and promotional discounts made by such Panera Bread Bakery-Cafe.

The term "Panera Standards" means the accounting, audit and tax standards, methods, practices and procedures as may be established from time to time by us, in our sole discretion, with respect to, among other things, the maintenance of books and records, and the preparation and presentation of financial information and financial statements, but which shall not be materially inconsistent with generally accepted accounting principles and which are utilized by us in connection with our Panera Bread Bakery-Cafes. In absence of any particular standard, method, practice or procedure established by us, the term "Panera Standards" shall refer to generally accepted accounting principles.

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Note 4: In order to ensure fresh bread and bakery products, each Bakery-Cafe must generate an order for its bakery products ("pan up order") and transmit its pan up order electronically to our fresh dough facilities by the close of business (no later than 11:00 PM CST) for delivery two (2) days later. In the event the pan up order is not electronically received by our fresh dough facilities by the close of business (no later than 11:00 PM CST), or is incomplete, the Bakery-Cafe may be charged for the additional costs and expenses we incur in order to deliver bread and bakery products to that Bakery-Cafe the next day. In addition, there may be a special handling charge of up to fifty dollars ($50) for each incomplete or non-electronically received pan up order.

Note 5: You must purchase Proprietary Ingredients from Designated Suppliers (See Item 8). As of the date of this Disclosure Document, Panera is the only Designated Supplier (See Item 8). We will cause Designated Suppliers to sell to you reasonable quantities of dough at prices (F.O.B. place of destination) which, if used as an ingredient for authorized finished bakery products prepared in accordance with our standards and specifications, will result in a delivered cost to you that will not exceed 27% of Retail (as defined below) for the particular finished bakery product. All other Proprietary Ingredients are sold at prices and on shipping terms established from time to time by the supplier thereof. "Retail" is the mean average retail price charged from time to time by all of the Panera Bread Bakery-Cafes, which we or our Affiliates own in the United States for the particular bakery product (as a finished product and not as a component of another product, e.g., sandwich) made from the particular Ingredients.

Note 6: You must purchase Licensed Ingredients from Approved Suppliers (See Item 8). The prices at which these Licensed Ingredients are sold to you are determined pursuant to agreements between us and the suppliers. However, the prices will not exceed twenty-two and one tenth percent (22.1%) of Retail (as defined in Note 5), F.O.B. the production facility, for Licensed Ingredients supplied in accordance with our current arrangement with the Bakery Suppliers (See Item 8). Distribution costs will vary depending on the proximity of your Bakery-Cafe to the production facility. You also have a right to purchase Licensed Ingredients from an alternative supplier that we have approved (See Item 8).

Note 7: In 2009, acting solely as a distributor, we began offering additional items, such as produce, for delivery through our fresh dough facility system. We have expanded this program and, as of the date of this disclosure document, we collect a delivery and handling fee from franchisees who participate in the program.

Note 8: We may publish or disclose to other franchisees, any information that is collected, produced or maintained under any "quality control" programs in any manner or format that we deem appropriate. We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with such "quality control" programs. As part of our "quality control" programs, we, or our designated third-party agents, may conduct an announced or unannounced Bakery-Cafe Food Safety audit of Bakery-Cafes. All Bakery-Cafes are required to score a minimum score established by us (as of the date of this Disclosure Document 90%, and no more than three (3) critical violations) in order to avoid a re-audit within the same year. A re-audit will be conducted if a Bakery-Cafe fails to meet this minimum criteria. All Bakery-Cafes are required to complete corrective actions emanating from a food safety audit within three (3) days of the audit. Critical findings must be corrected immediately. You will be responsible for paying the third-party auditing agency directly for this service. As of the date of this Disclosure Document, the audit fee does not exceed three hundred dollars ($300) for each audit and any follow-up re-audit. This audit fee may increase by a small increment each year.

Note 9: As noted in Item 11, we do not require Franchisees to use any proprietary POS system (including BOH), provided it meets certain parameters. We offer franchisees the option to use our basic proprietary POS System (including BOH), with its various components and associated fees, as described. We also offer Franchisees Panera 2.0 (a proprietary technology platform described in Item 1), with its various components and associated fees described in line items 20-24, below. All fees are subject to change in the future.

Optional technology products and services:

Bakery-Cafe POS Performance & Patch Management and Help Desk	Monthly subscription fee not to exceed two hundred and twenty-six dollars ($226) per month per Bakery-Cafe. A higher monthly fee may be incurred due to incident/call volume drivers (e.g., not adopting contemporary Bakery-Cafe technology standards (e.g., Tech Stack), or keeping legacy technology with known higher incident rates). There can also be per incident surcharges, not to exceed two hundred dollars ($200), for misuse of the support desk emergency line for non-emergency situations.
Nightly Polling – Data Processing	Monthly fees not to exceed thirty dollars ($30) per month per Bakery-Cafe. The optional basic service includes hourly/nightly Bakery-Cafe polling that generates iPortal/iNfo standard daily reports and raw data access. Daily polling files extracts made available via Data Distribution Services FTP.

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