

Audit Committee Charter for Einstein Noah Restaurant Group, Inc.

Authority

The Audit Committee (the Committee) of the Board of Directors (the Board) of Einstein Noah Restaurant Group, Inc. (the Company) is established pursuant to the Company's Bylaws and Section 141(c) of the Delaware General Corporation Law.

Purpose of the Committee

The purposes of the Committee are to:

1. assist Board oversight of (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditors' qualifications and independence, and (d) the performance of the Company's internal audit function and independent auditors; and
2. prepare an annual report for inclusion in the Company's annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the SEC).

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such activities are the responsibility of management and the Company's independent auditors. The Committee does not itself prepare financial statements or perform audits or auditing services, and its members are not auditors, certifiers of the Company's financial statements or guarantors of the Company's independent auditors' reports. It is not the duty or responsibility of the Committee to ensure that the Company complies with all laws and regulations. Each member of the Committee shall be entitled to rely in good faith on (a) the integrity of those persons and organizations within and outside of the Company from which the Committee receives information, (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (c) representations made by management as to any audit and non-audit services provided by the independent auditors to the Company.

The ultimate accountability of the Company's independent auditors is to the Board of Directors and the Committee, as representatives of the stockholders.

Committee Membership

The Committee shall be comprised of at least three members of the Board each of whom has been affirmatively determined in the judgment of the Board to qualify as independent directors (Independent Directors) under the rules of the National Association of Securities Dealers applicable to The Nasdaq Stock Market, Inc. (the Nasdaq Listing Rules), Section 10A(m) of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the rules and regulations promulgated thereunder by the SEC (except as otherwise permitted by the Nasdaq Listing Rules). In addition to the determination of independence, no director may serve as a member of the Committee if such director has participated in the preparation of financial statements of the Company or any subsidiary of the Company at any time during the past three years. The Board shall designate the Chairperson of the Committee, provided that if the Board does not so designate a Chairperson, the members of the Committee, by majority vote, may designate a Chairperson.

Each member of the Committee shall be able to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement) at the time of such director's appointment to the Committee. In addition, at least one member of the Committee should be an "audit committee financial expert," as such term is defined in the rules and regulations promulgated by the SEC. If no member qualifies as an audit committee financial expert, then at least one member of the Committee shall have had past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

If a member of the Committee ceases to qualify as an Independent Director for reasons outside of such member's reasonable control, such member may remain on the Committee until the earlier of the Company's next annual stockholders meeting or one year from the occurrence of the event that caused the member to cease qualifying as an Independent Director, provided that the Company complies with the applicable Nasdaq Listing Rules.

Any vacancy on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. No member of the Committee shall be removed except by majority vote of the Board.

Compensation

Committee members shall receive no compensation from the Company other than fees as members of the Board and of committees of the Board.

Meetings

The timing and frequency of the Committee meetings will be determined by the Committee; however, the Committee will meet at least once each quarter. The presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at the meeting of the Committee at which a quorum is present. The Committee will meet with the independent auditors and the Company's internal auditor upon the completion of the annual audit to review the independent auditors' examination and management report. The Committee shall meet at such other times as it deems appropriate. The Committee, at its discretion, may ask members of management, the Company's counsel, or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. Minutes shall be kept of each meeting of the Committee and shall be filed with the records of the Company.

Investigations, Access and Funding

The Committee is empowered to conduct or authorize investigations into any matter relating to its purpose, duties or responsibilities that it deems appropriate and shall have full access to all books, records, facilities and personnel of the Company. The Committee shall have full authority (without the need for any other Board approval) to retain outside legal counsel, accounting or other advisors, as it determines necessary in carrying out its duties and responsibilities. The Company shall provide the funding determined appropriate by the Committee for payment of (a) compensation to the Company's independent auditors for services retained by the Committee, (b) compensation to any other outside advisors retained by the Committee and (c) ordinary administrative expenses of the Committee.

Committee Duties and Responsibilities

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. The Committee will carry out the following duties and responsibilities:

Oversight of Independent Auditors

1. appoint, retain and terminate, in its sole discretion (subject, if applicable, to stockholder ratification), the firm of independent auditors to audit the consolidated financial statements of the Company and its subsidiaries for each fiscal year (such firm to report directly to the Committee);
2. review and approve in advance the Company's independent auditors' annual engagement letter, including all proposed fees, audit services and permissible non-audit services as set forth in the Nasdaq Listing Rules, Section 10A of the Exchange Act (as amended by Section 201 of the Sarbanes-Oxley Act of 2002, hereinafter Sarbanes-Oxley) and any other applicable law, rules or regulations (subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit);
3. obtain at least annually from the Company's independent auditors and review a written report describing:
 - a. the independent auditors' internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and
 - c. all relationships between the independent auditors and the Company as required by the applicable requirements of the Public Company Accounting Oversight Board regarding independent accountant's communications with the audit committee concerning independence;
4. oversee the independence of the Company's independent auditors by, among other things:
 - a. actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors, and taking appropriate action to satisfy itself of the auditors' independence;
 - b. ensuring the rotation of the audit partners as required by Section 10A of the Exchange Act (as amended by Section 203 of Sarbanes-Oxley) and any other applicable law, rule or regulation; and
 - c. ensuring that the chief executive officer, controller, chief financial officer, chief accounting officer (or other person serving in an equivalent

position) at the Company or any other person serving in a financial reporting oversight role at the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit;

5. review on a regular basis with the Company's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditors' activities or on access to requested information and any significant disagreements with management;
6. obtain from the Company's independent auditors any other information required to be disclosed by them pursuant to Section 10A of the Exchange Act (as amended by Section 204 of Sarbanes-Oxley);

Financial Reporting/Disclosure Matters

7. review with management, the Company's independent auditors and the Company's internal auditor (as appropriate), the following:
 - a. the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and any major issues related thereto (including the matters required to be discussed with the independent auditors by SAS 61 with respect to the annual audited financial statements);
 - b. critical accounting policies and such other accounting policies of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body, including any financial reporting issues which could have a material impact on the Company's financial statements;
 - c. major issues regarding accounting principles and financial statements presentations, including (A) any significant changes in the Company's selection or application of accounting principles and (B) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the ramifications and effects of applying alternative generally accepted accounting principles in the preparation of the Company's financial statements;

- d. all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditors; and
 - e. all other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences;
- 8. attempt to resolve all disagreements between the Company's independent auditors and management regarding financial reporting;
- 9. recommend to the Board whether the annual audited financial statements of the Company should be included in the Company's Annual Report on Form 10-K;
- 10. confirm that the Company's interim financial statements included in Quarterly Reports on Form 10-Q have been reviewed by the Company's independent auditors;
- 11. in the event that the Company receives an audit opinion that contains a going concern qualification, ensure that disclosure of such qualification is made in accordance with the Nasdaq Listing Rules;
- 12. review with the chief executive officer, chief financial officer, internal auditor and independent auditors, periodically, the following:
 - a. all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize, and report financial data, including any material weaknesses in internal controls identified by the Company's independent auditors;
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
 - c. any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses;

13. review the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget and staffing of the Company's internal audit function and any special audit steps adopted in light of the discovery of material control deficiencies, through inquiry and discussions with the Company's independent auditors, internal auditor and management of the Company;

Other

14. establish clear hiring policies by the Company for the hiring of employees or former employees of the Company's independent auditors;

15. meet at least annually with the General Counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Company;

16. prepare an annual report for inclusion in the Company's annual proxy statement in accordance with applicable rules and regulations of the SEC;

17. meet periodically with the Chief Compliance Officer to review matters related to the Company's corporate compliance program, including the implementation of, and compliance with, the Company's Corporate Code of Conduct;

18. establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

19. review and approve all "related party transactions" as such term is defined in the Nasdaq Listing Rules; and

20. report to the Board on its activities, as appropriate.

Charter Review

The Committee will review and reassess the adequacy of this charter at least once per year and recommend to the Board any changes to this charter considered appropriate by the Committee.

Other Tasks and Responsibilities

The Committee shall perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

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