



Investor Presentation January 2012



Welcome & Agenda

Company Overview & Vision

Growing Same-Store Sales

Enhancing Corporate Margins

Accelerating Unit Growth

Financial Overview

Q&A



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Presenters

Jeff O'Neill

President & Chief Executive Officer

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Safe Harbor

This presentation contains certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbor created by such sections and other applicable laws and which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)”, “estimate(s)”, “should”, “intend(s)” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve a number of risks and uncertainties which could cause actual results to differ materially from future results expressed, projected or implied by such forward looking statements. A description of factors that could cause actual results to differ materially from those expressed in, or underlying, these forward-looking statements is detailed in the Company’s press releases and filings with the Securities and Exchange Commission, and include the following factors: shifting consumer preferences, economic conditions, cash availability, weather, and competition, among other factors; our future growth plans are subject to those same factors as well as the availability of capital, the success of our marketing efforts and the success of franchisees and licensees to build and open locations. The Company does not undertake any obligation to release publicly revisions to any “forward-looking statement,” to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All projections are preliminary and based on estimates and assumptions about circumstances and events that have not yet taken place and are inherently uncertain and therefore are subject to change, as results may vary.

Statements related to 2011 and 2012 unit development are estimates only and are subject to change based on actual results. Statements regarding new store sales, capital investment and cash on cash return are averages and actuals may vary based on geographic location, labor, construction costs, including landlord contribution, distribution considerations, rent, among other factors. System-wide sales include sales from company-owned, franchised and licensed stores. This presentation includes certain non-GAAP financial measures.



Our Vision

Accelerate revenue and unit growth through leadership in franchise and license development while targeting our fresh baked and wholesome positioning to deliver consistent and reliable growth in earnings

- *Leaders in fresh baked goodness*
- *Asset light franchise first model*
- *Disciplined operations effectiveness*





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About Einstein Noah Restaurant Group

- We are a leader in the fast casual segment and strongly positioned in the fast growing breakfast day-part

			<i>Manhattan</i> BAGEL®	Total
Restaurants	631	70	72	773
Geographic Footprint	38 States + DC	West Coast	Northeast	39 States + DC

As of
January 3, 2012





Key Strategies

- 1. Drive same-store sales growth** through a combination of:
 - Wholesome innovation/news
 - Everyday value layer
 - Expansion of our Specialty coffee platform
- 2. Enhance corporate margins** through supply chain, manufacturing and store level efficiency
- 3. Accelerate unit growth** through a dedicated focus on franchise and license expansion





Same Store Sales Growth





Same Store Sales Growth Strategies

- 1. Build traffic** by leveraging our strengths in:
 - Breakfast (bagels & sandwiches)
 - Smart Choice menu options
 - Everyday value combos
 - Specialty beverages
- 2. Build average check** through bulk bagels, catering, and premium sandwich innovation
- 3. Build brand awareness** with a balanced approach of grass roots and mass marketing
 - Grass roots local brand activation
 - Targeted digital / outdoor media





Reinforcing Our Unique Equities is More Important Than Ever

What is Our Unchanging & Undeniable Defendable Point of Difference?



Core Essence
Unchanging Reason For Being



Fresh Baked Goodness

Brand Positioning
How We Differentiate
Our Core Essence



1. ***Bagel and breakfast innovation***
2. ***Best in class nutritional choices***
3. ***Strong specialty beverage line-up***



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New Specialty Coffee Initiative Embraced by Consumers and Building Average Check

New “Darn Good Specialty Coffee / Barista Initiative

- Improved formulation
- New equipment
- Dedicated baristas
- Improved marketing



- Comp stores coffee grew 9%
- Coffee represented over 10% of menu mix and growing
- 100% System Expansion Achieved November 2011



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We Will Expand on Specialty Coffee Success With a New Platform of Blended Beverages



Specialty Coffee
+10% Momentum



Real Fruit
Smoothies



Iced & Blended
Coffees & Teas

New Better Blended Beverages

Better Ingredients + Barista Preparation = A Better Beverage!

We Are Building on the Success of Our Bagel Thin Sandwich Lineup

2012 Bagel Thin Sandwich Line (Starting Q2)

- Under 350 Calories
- Under 15 g Fat
- All Natural Chicken
- Improved Lineup





We Are Introducing our New Smart Choices Menu

New 'Smart Choices' Menu

- New Bagel Thin Sandwiches
- Calorie & Fat Information
- New Low-Calorie Salads
- New Low-Calorie Soups

More Healthy Choices & Improved Nutritionals

Smart Choices Menu

Bagel Thin Eggwhites Under 350 Calories & 15g Fat \$4.50 Each Asparagus, Mushroom & Swiss Southwest Turkey Sausage	Chopped Salads Under 400 Calories & 15g Fat \$5.00 Each Harvest Chicken Chipotle Chicken
Bagel Thin Lunch Under 350 Calories & 15g Fat \$4.75 Each All Natural Chicken Pesto Garden Fresh Turkey	Soups Under 170 Calories & 7g Fat \$3.30 Turkey Chili Chicken Noodle Hearty Vegetable
Bagel Thin Melts Under 350 Calories & 15g Fat \$5.50 Each Cheesy Turkey Cheesy Chicken & Asparagus	Healthy Extras Under 175 Calories & 5g Fat Fresh Fruit Salad \$3.00 Low Fat Yogurt Parfait \$2.65





*Vegetarian-May contain dairy and/or egg
 †Contains nuts



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We Have Designed a New Everyday Value Layer for Breakfast and Lunch



Affordable Value Initiatives in
Sandwich and Bagel & Cream Cheese Layers

Improved Value & Simplified Our Bulk Panel

bagel Buckets

Variety Pack* \$16.99

8 Classic or Signature Bagels
5 Muffins or Sweets
24 Bagel Poppers

Bagel Bucket* \$12.49

13 Classic or Signature Bagels
1 Tub of Cream Cheese Shmear

Baker's Dozen* \$9.99

13 Classic or Signature Bagels

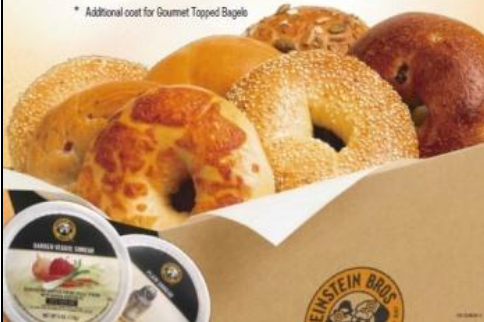
Half Dozen* \$5.29

6 Classic or Signature Bagels

hate to WAIT?
BUCKET

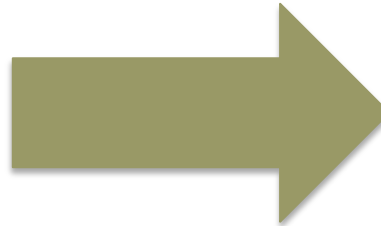
13 Classic or Signature Bagels
2 Tubs Cream Cheese
Packed & ready to go! \$13.99

* Additional cost for Gourmet Topped Bagels



Objective

1. More choices
under \$10.00



2. Improving value
on cream
cheese

signature Buckets

Dozen Bucket \$14.50

13 Classic or Signature Bagels
2 Tubs of Cream Cheese Shmear
Additional cost for Gourmet Topped Bagels

Half Dozen Bucket \$8.50

6 Classic or Signature Bagels
1 Tub of Cream Cheese Shmear
Additional cost for Gourmet Topped Bagels



bulk Bagels

Baker's Dozen \$10.00

13 Classic or Signature Bagels
Additional cost for Gourmet Topped Bagels

Half Dozen Bagels \$6.00

6 Classic or Signature Bagels
Additional cost for Gourmet Topped Bagels



double whipped Cream Cheese Shmear

Add a tub of Shmear

\$2.50 EACH
with purchase of
Bucket or Bulk Bagels



Our Re-Structured Catering Plan Has Accelerated Sales Growth...+20%

1. New online ordering system with the launch of ebcatering.com
2. Outsourced / expanded call center
3. Initiated Online media
4. New National account structure
5. Optimized menu / packaging



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Test and Launch New Loyalty Program

Target communications and rewards to incent profitable purchases, build customer loyalty and advocacy.

1. Deliver a simple, compelling program for Guests
2. Capture each purchase and combine with Guest demographics and preferences in a robust database
3. Grow profitable sales through targeted communication and strategic offers
4. Increase the “lifespan value” of the guest and create brand advocates



Timing: Pilot in Denver (Q2 2012) and roll-out by market as part of new POS platform.



Enhancing Corporate Margins in 2011



We Remain Focused on Building Corporate Margins

2010	2011 Forward
<p>1. Improved store level operating efficiencies Product waste / Labor outliers FY10 COGS 0.7 pts better / Labor 1.4 pts better</p> <p>2. Focus on manufacturing efficiencies and commodity purchasing enhancements FY10 Manufacturing 2.6 pts better</p> <p>3. Growth of Franchise/License revenue FY10 Royalties increased by 21%</p>	<p>Phase I -- Current</p> <ul style="list-style-type: none"> • Bagel thin manufacturing • Bulk bagel packaging • Distribution contracts • Freight/LTL savings • Cargill/Harlan flour <p>\$2.7MM TOTAL (a)</p> <p>Phase II -- Future</p> <ul style="list-style-type: none"> • Manufacturing packing efficiency review • Reusable egg boats • DC/Commissary <p>+\$3MM Estimated</p>
<p>(a) Realized through the fourth quarter 2011</p>	







Unit Growth in 2011



Unit Portfolio

			<i>Manhattan</i> BAGEL®	Total
Restaurants	631	70	72	773
Company Owned	369	70	1	440
Franchised	23	0	71	94
Licensed	239	0	0	239
% of TTM Brand Sales	79%	13%	8%	100%
Geographic Footprint	38 States + DC	West Coast	Northeast	39 States + DC

As of
January 3, 2012



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Development

1. Franchise first growth model
 - Over 20 EBB Franchisees with pipeline 120+ units
 - Leverage asset light / high ROI growth model
2. Asset light / high ROI focused
3. Maintain pace of Company owned restaurants
4. Continue accelerated pace of license channel



Strong Base Model Economics

\$ in Thousands	Unit Economics ⁽¹⁾
A) 2010 Average Restaurant Sales	\$869
B) 2010 Restaurant Operating Profit	\$165
C) <i>Margin (B/A)</i>	19.0%
D) Cash Investment Cost	\$460
E) <i>Cash on Cash Return (B/D)</i>	36%
F) Restaurant-level EBITDAR	\$237
G) Fully Capitalized Investment ⁽²⁾	\$1,036
H) <i>Fully Capitalized Cash on Cash Return (F/G)</i>	23%

⁽¹⁾ As reported on the Company's 2010 annual report on Form 10-K – Company owned restaurants

⁽²⁾ Average rent expense capitalized at 8x's plus cash investment cost of \$460K



Unit Economics by Ownership Type

Flow Through On A Per Store Basis -- 2010 (\$ In Thousands)			
	Company Owned	Licensed Store	Franchised Store
AUV	\$ 869	\$ 489	\$ 988
Contribution Margin	19.0%	6.7% ⁽¹⁾	5.0% ⁽²⁾
Contribution \$	\$165	\$32	\$50
Cash Investment	\$460	\$0	\$0
Upfront Fee	\$0	+\$12.5	+\$35

(1) Reflects weighted average royalty rate of system

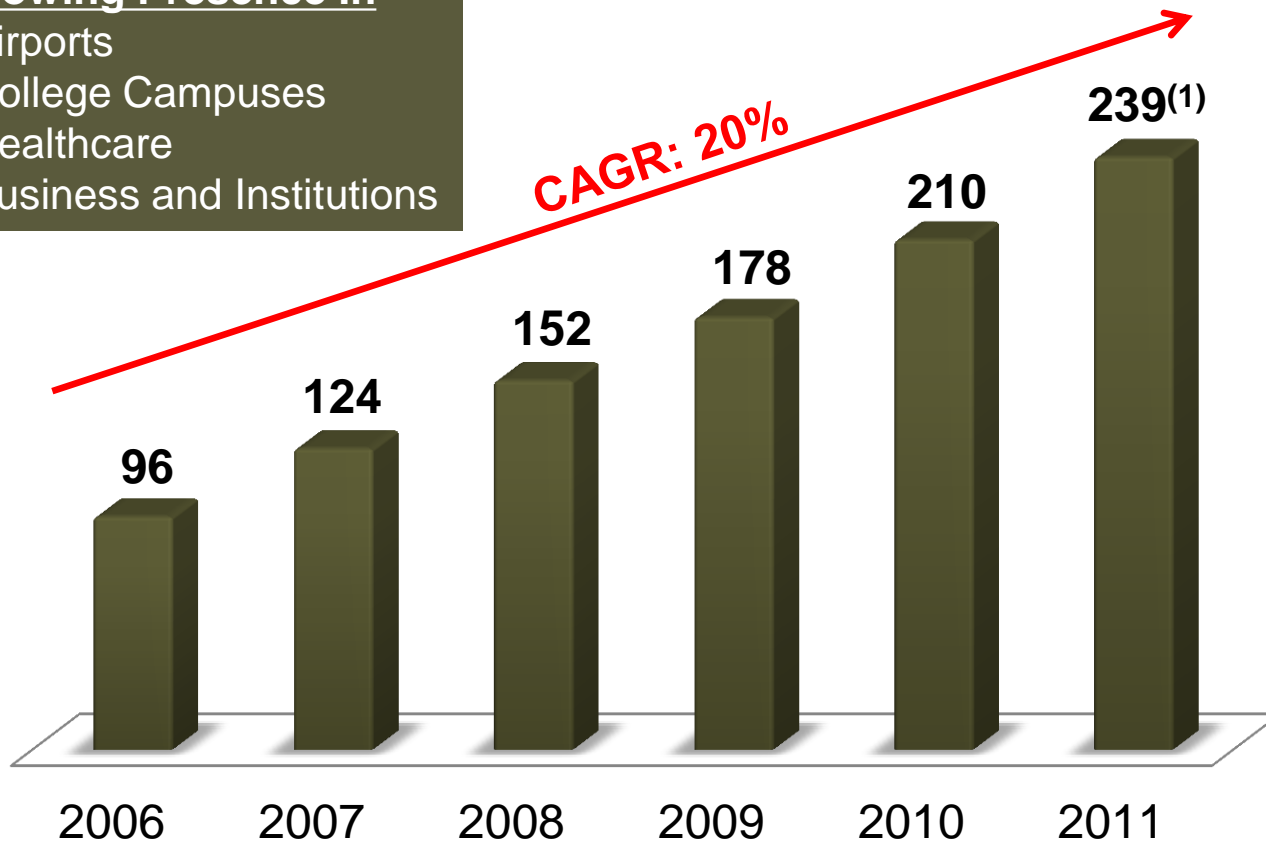
(2) Franchisees also contribute 4.0% of sales which equates to an average of \$40K for marketing activities



Our License Business is Robust and Continues to Grow

Growing Presence In

- Airports
- College Campuses
- Healthcare
- Business and Institutions




1) Ending 2010 balance of 210, plus net 29 2011 openings.



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Airports Are Key to Long Term License Success

	AUV	Q3 2011 Total Sales	Q3 2011 SSSG%	YTD Q3 2011 Total Sales	YTD 2011 SSSG%
Airports	\$1.9MM	\$4.2MM	+14.0%	\$12.0MM	+12.0%

■ Airports

- Significant future potential for identified airports locations
- Awarded Dallas/Ft. Worth Airport (Terminal A) – Potential Opening in Q4 2012
- Awarded 2 Locations San Diego Airport Opening Q4 2012



Long Term Annual Unit Growth Objective

Company-owned Unit Growth +2%

EBB Franchise Unit Growth +30%

License Unit Growth +25%



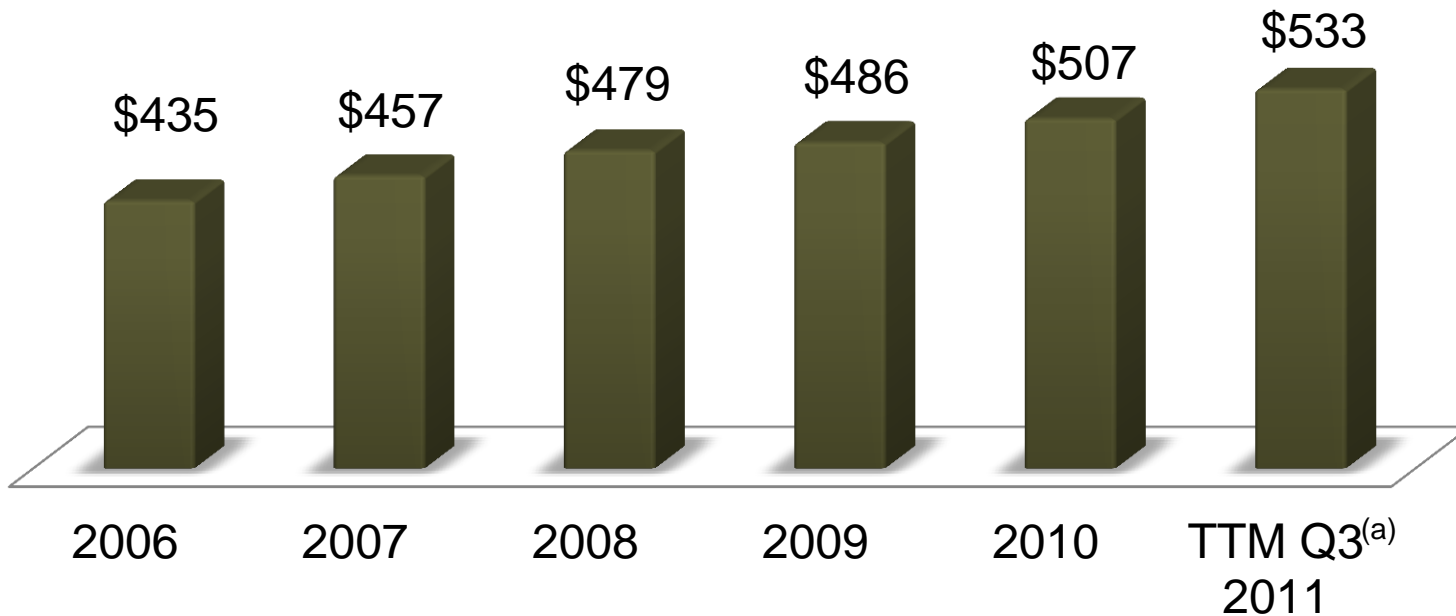
Total Unit Growth +10%
60-90 Units

Financial Overview



System Wide Restaurant Sales

Consistent Growth



Dollars in millions

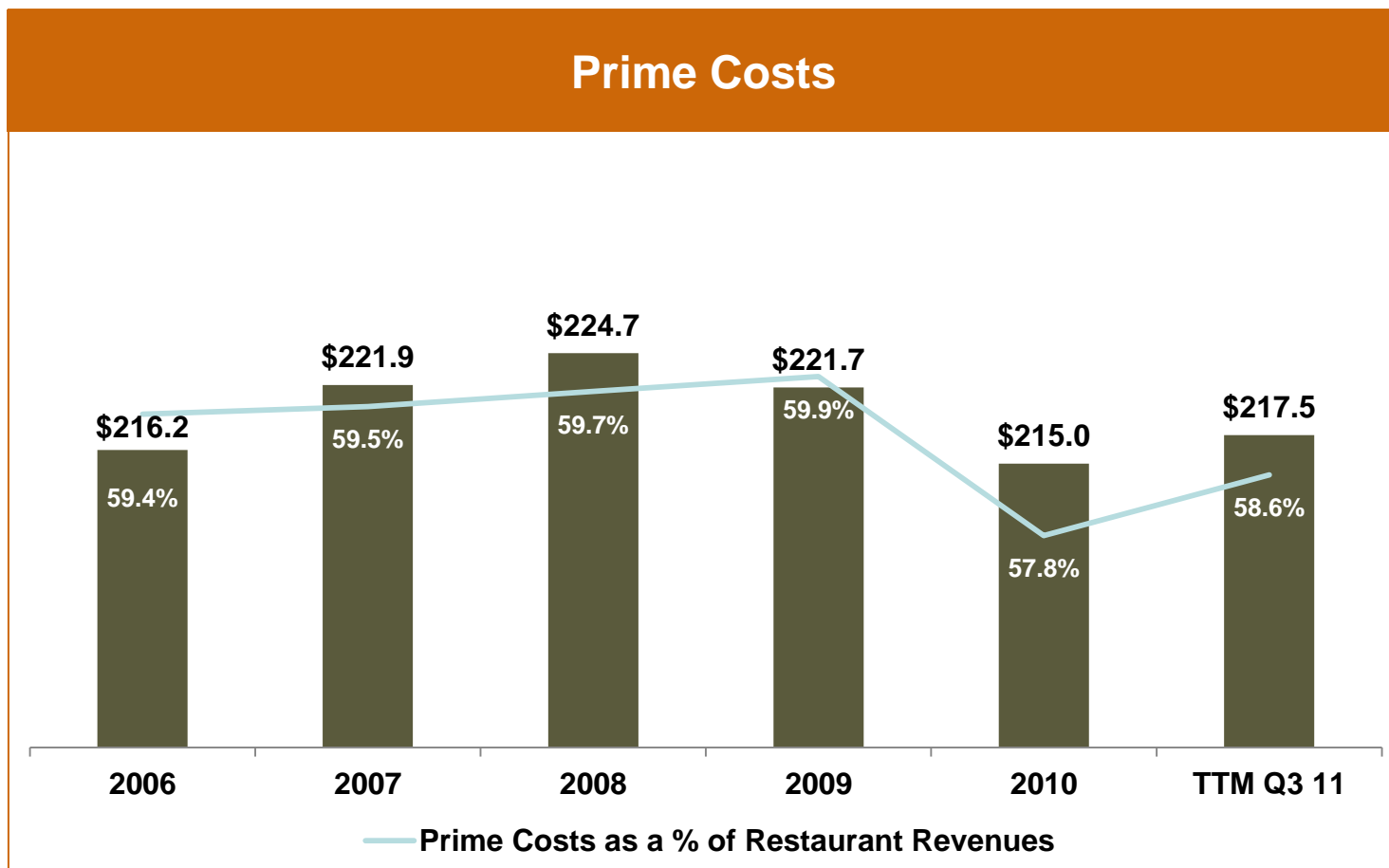
(a) Trailing twelve months running from October 2010 to September 2011



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Demonstrated Performance in Prime Costs

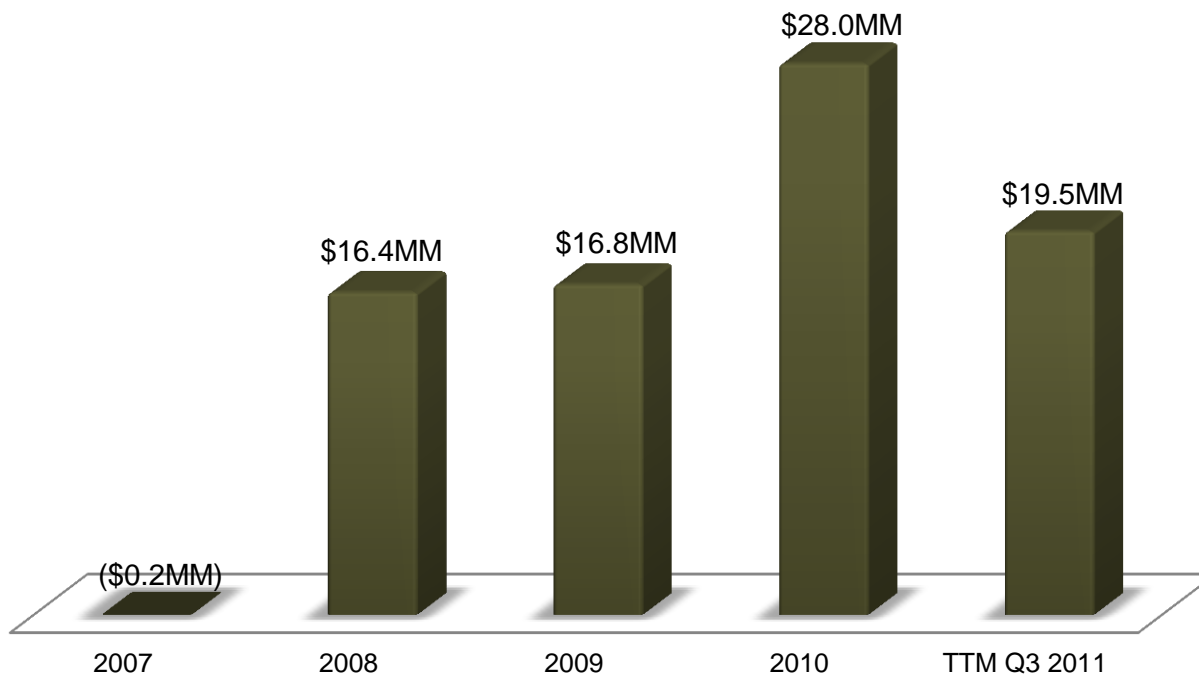


Dollars in millions



Strong Free Cash Flow Generation

Historical Free Cash Flow⁽¹⁾



(1) Net cash provided by operating activities less net cash used in investing activities



Financial Strength Drives Flexibility and Provides Shareholder Return Options

- Unit growth
- Returning capital to shareholders via dividends
- Reinvesting in brand
- Strong and flexible balance sheet

	Beg. of Year 2010	End of Year 2010
Series Z	\$32 million	-
Revolver Capacity	\$20 million	\$50 million
Dividends	No	\$0.125 Quarterly
Share Buy Back	No	\$20 million Board Authorized

(1) Beginning of Year refers to year end 2009

Total Outstanding Debt: \$75.9/ TTM Q3 EBITDA: \$41.7 =

1.8 x's Leverage





Einstein Noah Restaurant Group

- Strongly positioned in the breakfast day part
- Momentum on new platforms (Coffee/Catering/News)
- Aggressive unit expansion via licensing & franchising
 - “Asset light“ growth model
- Excellent ROIC and strong free cash flow
- Demonstrated financial performance



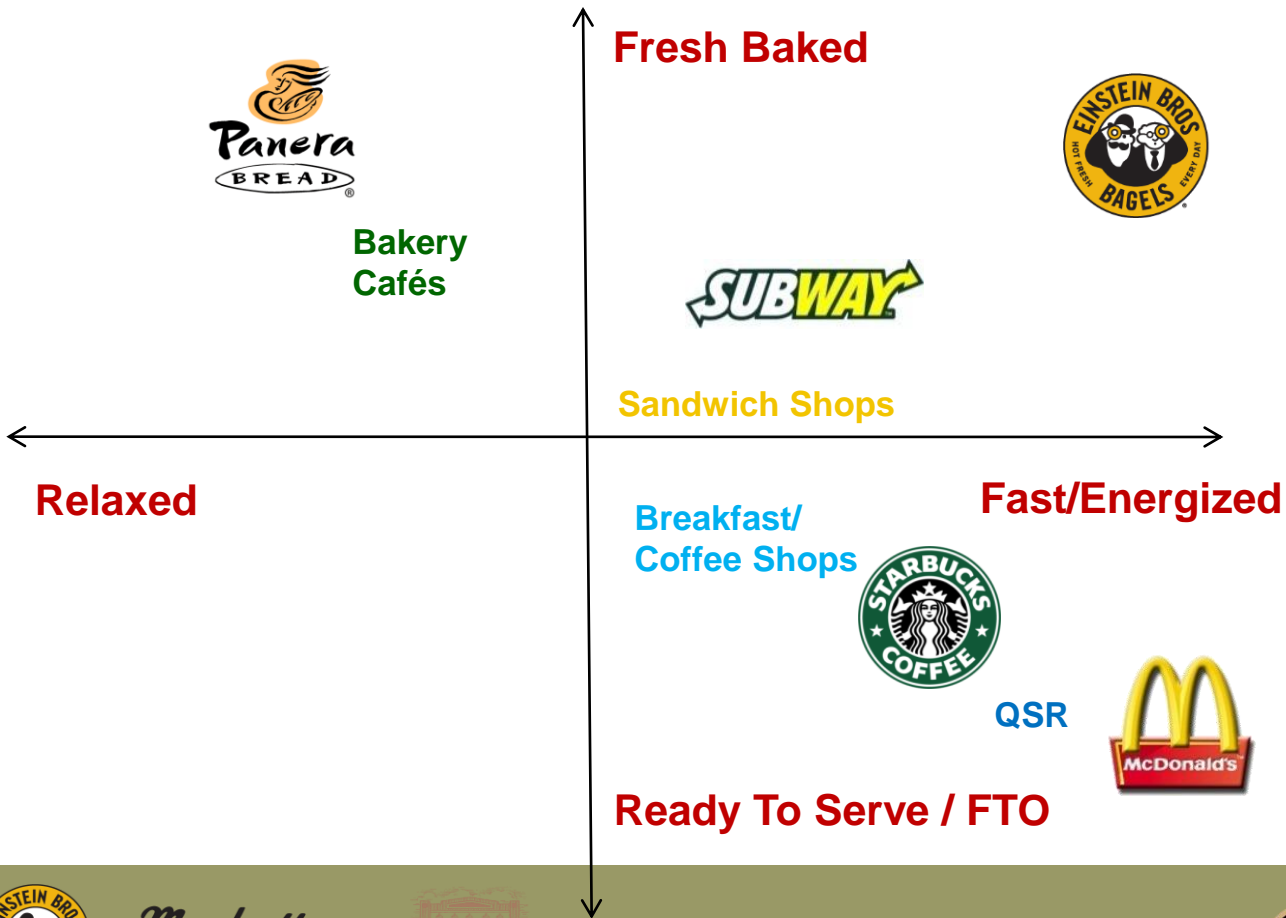


APPENDIX



Our Competitive Advantage: Fast, Fresh & Fun

- No other restaurant brand offers the quality and freshness of a bakery / café with the speed of a QSR.



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Financial Results

Financial	YTD Q3 2010		YTD Q3 2011		Variance B / (W)	
	\$MM's	% of Rev	\$MM's	% of Rev	\$MM's	Points
Revenue	\$305.7		\$308.5		\$2.8	
Gross Profit	\$59.6	19.5%	\$55.0	17.8%	(\$4.6)	(1.7)
Adj. EBITDA ⁽¹⁾	\$31.3	10.2%	\$27.7	9.0%	(\$3.6)	(1.2)
Operating Inc.	\$18.7	6.1%	\$14.2	4.6%	(\$4.5)	(1.5)
Net Income	\$7.3	2.4%	\$7.1	2.3%	(\$0.2)	(0.1)
Operating	\$MM's	% of Rev	\$MM's	% of Rev	\$MM's	Points
Company Revenue	\$276.8		\$275.7		(\$1.1)	
COGS	\$78.6	28.4%	\$82.0	29.7%	(\$3.4)	(1.3)
Compensation	\$82.4	29.8%	\$81.5	29.6%	\$0.9	0.2
Total Units	714		758		44	

(1) Adjusted EBITDA: Net Income, plus adjustment for series Z modification, interest expense (net), provision for income taxes, depreciation and amortization, restructuring expense and other operating expenses (income).

