

PANERA BREAD COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	December 29, 2015	December 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 241,886	\$ 196,493
Trade accounts receivable, net	38,211	36,584
Other accounts receivable	77,575	70,069
Inventories	22,482	22,811
Prepaid expenses and other	59,457	51,588
Deferred income taxes	34,479	28,621
Assets held for sale	28,699	—
Total current assets	502,789	406,166
Property and equipment, net	776,248	787,294
Other assets:		
Goodwill	121,791	120,778
Other intangible assets, net	63,877	70,940
Deposits and other	10,613	5,508
Total other assets	196,281	197,226
Total assets	\$ 1,475,318	\$ 1,390,686
Liabilities, Redeemable Noncontrolling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 19,805	\$ 19,511
Accrued expenses	359,464	333,201
Current portion of long-term debt	17,229	—
Liabilities associated with assets held for sale	2,945	—
Total current liabilities	399,443	352,712
Long-term debt	388,971	99,784
Deferred rent	62,610	67,390
Deferred income taxes	70,447	76,589
Other long-term liabilities	52,566	58,027
Total liabilities	974,037	654,502
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interest	3,981	—
Stockholders' equity:		
Common stock, \$.0001 par value per share:		
Class A, 112,500,000 shares authorized; 30,836,669 shares issued and 23,346,188 shares outstanding at December 29, 2015 and 30,703,472 shares issued and 25,442,728 shares outstanding at December 30, 2014	3	3
Class B, 10,000,000 shares authorized; 1,381,730 shares issued and outstanding at December 29, 2015 and 1,381,865 shares issued and outstanding at December 30, 2014	—	—
Treasury stock, carried at cost; 7,490,481 shares at December 29, 2015 and 5,260,744 shares at December 30, 2014	(1,111,586)	(706,073)
Preferred stock, \$.0001 par value per share; 2,000,000 shares authorized and no shares issued or outstanding at December 29, 2015 and December 30, 2014	—	—
Additional paid-in capital	235,393	214,437
Accumulated other comprehensive income (loss)	(5,029)	(1,360)
Retained earnings	1,378,519	1,229,177
Total stockholders' equity	497,300	736,184
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	\$ 1,475,318	\$ 1,390,686

The accompanying notes are an integral part of the consolidated financial statements.

PANERA BREAD COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share information)

	For the fiscal year ended		
	December 29, 2015	December 30, 2014	December 31, 2013
Revenues:			
Bakery-cafe sales, net	\$ 2,358,794	\$ 2,230,370	\$ 2,108,908
Franchise royalties and fees	138,563	123,686	112,641
Fresh dough and other product sales to franchisees	184,223	175,139	163,453
Total revenues	\$ 2,681,580	\$ 2,529,195	\$ 2,385,002
Costs and expenses:			
Bakery-cafe expenses:			
Cost of food and paper products	\$ 715,502	\$ 669,860	\$ 625,622
Labor	754,646	685,576	625,457
Occupancy	169,998	159,794	148,816
Other operating expenses	334,635	314,879	295,539
Total bakery-cafe expenses	1,974,781	1,830,109	1,695,434
Fresh dough and other product cost of sales to franchisees	160,706	152,267	142,160
Depreciation and amortization	135,398	124,109	106,523
General and administrative expenses	142,904	138,060	123,335
Pre-opening expenses	9,089	8,707	7,794
Refranchising loss	17,108	—	—
Total costs and expenses	2,439,986	2,253,252	2,075,246
Operating profit	241,594	275,943	309,756
Interest expense	3,830	1,824	1,053
Other (income) expense, net	1,192	(3,175)	(4,017)
Income before income taxes	236,572	277,294	312,720
Income taxes	87,247	98,001	116,551
Net income	\$ 149,325	\$ 179,293	\$ 196,169
Less: Net loss attributable to noncontrolling interest	(17)	—	—
Net income attributable to Panera Bread Company	\$ 149,342	\$ 179,293	\$ 196,169
Earnings per common share:			
Basic	\$ 5.81	\$ 6.67	\$ 6.85
Diluted	\$ 5.79	\$ 6.64	\$ 6.81
Weighted average shares of common and common equivalent shares outstanding:			
Basic	25,685	26,881	28,629
Diluted	25,788	26,999	28,794

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PANERA BREAD COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the fiscal year ended		
	December 29, 2015	December 30, 2014	December 31, 2013
Cash flows from operating activities:			
Net income	\$ 149,325	\$ 179,293	\$ 196,169
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	135,398	124,109	106,523
Stock-based compensation expense	15,086	10,077	10,703
Tax benefit from stock-based compensation	(2,057)	(3,089)	(8,100)
Deferred income taxes	(10,991)	10,459	10,356
Refranchising loss	12,942	—	—
Other	3,505	4,617	6,353
Changes in operating assets and liabilities, excluding the effect of acquisitions and dispositions:			
Trade and other accounts receivable, net	(3,605)	(22,139)	3,021
Inventories	(1,698)	(895)	(2,186)
Prepaid expenses and other	(7,191)	(8,524)	(841)
Deposits and other	(455)	239	1,449
Accounts payable	(183)	1,978	8,162
Accrued expenses	31,169	35,288	13,372
Deferred rent	3,751	1,067	5,868
Other long-term liabilities	(6,951)	2,599	(2,432)
Net cash provided by operating activities	318,045	335,079	348,417
Cash flows from investing activities:			
Additions to property and equipment	(223,932)	(224,217)	(192,010)
Acquisitions, net of cash acquired	—	—	(2,446)
Purchase of investments	—	—	(97,919)
Proceeds from sale of investments	—	—	97,936
Proceeds from refranchising	46,869	—	—
Proceeds from sale of property and equipment	1,553	—	—
Proceeds from sale-leaseback transactions	10,095	12,900	6,132
Net cash used in investing activities	(165,415)	(211,317)	(188,307)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	299,070	100,000	—
Repayments of long-term debt	(6,301)	—	—
Capitalized debt issuance costs	(363)	(193)	—
Payment of deferred acquisition holdback	—	(270)	(4,112)
Repurchase of common stock	(405,513)	(159,503)	(339,409)
Exercise of employee stock options	288	1,116	573
Tax benefit from stock-based compensation	2,057	3,089	8,100
Proceeds from issuance of common stock under employee benefit plans	3,525	3,247	2,842
Net cash used in financing activities	(107,237)	(52,514)	(332,006)
Net increase (decrease) in cash and cash equivalents	45,393	71,248	(171,896)
Cash and cash equivalents at beginning of period	196,493	125,245	297,141
Cash and cash equivalents at end of period	\$ 241,886	\$ 196,493	\$ 125,245

The accompanying notes are an integral part of the consolidated financial statements.