

## **COSI, INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **Purpose**

The Compensation Committee shall be appointed by the Board of Directors (the “Board”) and shall have overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

#### **Membership**

The Compensation Committee shall consist of no fewer than two members. A person may serve on the Executive Compensation Committee only if he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “1934 Act”), (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code and (iii) meets the independence requirements of Rule 4200(a)(15) of the National Association of Security Dealers (“NASD”) and of the Sarbanes-Oxley Act of 2002.

The members of the Compensation Committee shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. Compensation Committee members may be replaced by the Board.

#### **Authority and Responsibilities**

1. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, Executive Chairman, CEO or senior executive compensation and shall have sole authority to approve the consultant’s fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
2. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to Executive Chairman and CEO compensation, evaluate the Executive Chairman’s and CEO’s performance in light of those goals and objectives, and recommend to the Board the Executive Chairman’s and CEO’s compensation levels based on this evaluation. In determining the long-term incentive component of Executive Chairman and CEO compensation, the Compensation Committee will consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Executive Chairman and CEO in past years.
3. The Compensation Committee shall annually review and make recommendations to the Board with respect to the compensation of all directors, officers and other key executives,

including incentive-compensation plans and equity based plans.

4. The Compensation Committee shall annually review and approve, for the Executive Chairman, CEO and the senior executives of the Company, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.
5. The Compensation Committee shall determine the shares, options and other awards under the Company's stock incentive plans.
6. The Compensation Committee may form and delegate authority to subcommittees when appropriate.
7. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation Committee shall annually review its own performance.

### **Meetings**

The Compensation Committee shall meet as often as its members deem necessary to fulfill its responsibilities.

### **Reports**

1. The Compensation Committee shall make regular reports to the Board.
2. The Compensation Committee shall produce an annual report on executive compensation for inclusion in the Company's proxy statement.